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USDA

OPERATIONS IMPROVEMENT INVENTORY,
1961-1964

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THROUGH • INNOVATION • AUTOMATION • PRODUCTIVITY

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ADDENDUM

A graphic presentation of selected phases of this inventory of USDA operations improvement is included at the end of the Report.



FOREWORD

This may be the day of the computer - in government as in industry.

This may be the day of rapid sociological as well as technological change - in this country and throughout the world.

But management is still people. This is as true today as it was in the past and will be in the future.

In the Department of Agriculture, our efforts the past four years at cost reductions and operations improvement were carried out by people - our employees.

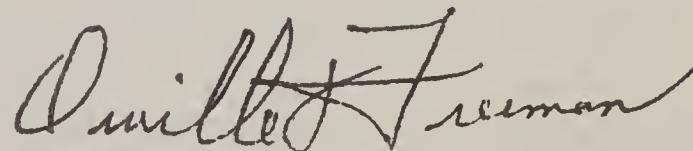
In managing our employees to accomplish improved operations, the formula was simple. It was the INVOLVEMENT of all employees in the operations improvement program; the use of their INGENUITY to bring about IMPROVEMENTS in the way they did their jobs; the way in which the agency in which they work did its job; and in the way the Department as a whole did its job.

Thus the focus of these three "I's" was beamed these past four years at every aspect of the Department's operations. Novel experiments at operations improvement which failed were not criticized. Successful efforts at economies were rewarded. No idea was discarded because it appeared at first to be too innovative or different.

The result is a remarkable record of success. That's what this report is about.

But this report also, hopefully, will stimulate further, deeper and even more ingenious efforts at improving operations in the future.

We have made a good start.



Orville Freeman
Secretary of Agriculture

December 1964

THE PROGRAMA Philosophy ...

As indicated in the Foreword of this report, the formula in USDA for Operations Improvement has been the INVOLVEMENT of all employees to use their INGENUITY to accomplish IMPROVEMENTS.

Our formula is simply a recognition that employees' capabilities are the Department's most important resource. That resource can be left alone "to do a job." But Operations Improvement is over and above "doing a job." To do this, employees must feel a part of the mainstream of the USDA policy to make its operations as efficient and economical as possible. This policy of involvement means that the Department's commitment to management improvement must be made clear to all employees. It means a positive effort on the part of the Department to recognize and reward personal accomplishment. In the past three fiscal years, for example, over \$3 million in tangible savings have been realized through the Employee Incentive Awards Program alone. This involved participation of over 12,000 employees.

Successful application of the formula involves the rejection of no idea however different or innovative it may be ... or whose toes it steps on. It involves no criticism of the efforts for operations improvements which have failed to prove useful. "A" has been awarded to employees, not only for achievement but also for effort.

A System ...

The Operations Improvement program naturally requires a "system." A method of channeling ideas, documenting efforts, and reporting results is necessary.

Our system is quite simple.

We have developed a form (attached Exhibit 1) throughout the Department as a common document to identify efforts at Operations Improvement; to relate those efforts to dollar savings; to identify the disposition of savings in dollars and man-years; and to serve as a basis for reporting. Through the use of this one form, a number of different types of reports in the general area of management improvement and manpower utilization can be produced. These are supplied to the Bureau of the Budget, Congress, Civil Service

Commission and internally within the Department.

Reports of accomplishments are widely distributed throughout the Department. These reports spark more new ideas, and new efforts. And new accomplishments.

We have two kinds of "savings" from operations improvements:

COST REDUCTION:

An actual reduction in the cost of existing activities through improved operations. Funds involved may be unused or diverted to other high priority program items.

COST INCREASE AVOIDED:

An increase is avoided where additional funds would have been required to do the work if the improvement had not been installed.

RESULTS? WHAT KIND?

- o In the past four years, the USDA has realized operations improvements worth \$375,691,207 through:

oo Innovation	\$ 217,514,570
oo Automation	7,498,664
oo Increased productivity	<u>150,677,973</u>
Total	\$ <u>375,691,207</u>

- o Added to this is a reduction of surplus commodities and related carrying charges. Wheat carryover dropped from 1.4 billion bushels in 1961 to 900 million bushels today; feed grain stocks dropped from 85 million tons to an estimated 58 million tons at the end of this marketing year. If the government were carrying this difference in stocks in owned inventories, it would be incurring an additional \$640 million per year of carrying charges (storage, handling, transportation and interest) than it is currently incurring.
- o The rise in USDA employment, almost continuous for a decade, has been halted - and the number of employees actually declined in the last fiscal year, by 4%.
- o Meanwhile, the workload rose - as a result of increasing public demand for USDA services, many of them consumer rather than farm related. Here are just a few examples of what has happened since 1960. There has been....
 - oo A 47% increase in recreation visits to the National Forests.
 - oo An 18.4% increase in the pounds of meat and poultry inspected.
 - oo A 25% increase in the number of children fed under the School Lunch Program.
 - oo A doubling of the amount of funds advanced to borrowers under the electric and telephone programs of the Rural Electrification Administration.
 - oo New wheat and feed grain programs which have helped farmers boost farmer spending power to above \$40 billion a year.
 - oo A 140% increase in loans and grants to farmers and other rural people since 1960 by the Farmers Home Administration.
 - oo A 94% rise in watershed projects under construction.
- o Without increased productivity, the rising workload would have boosted salary expenses far above the present level.

RESULTS? WHERE?USDA - ESTIMATED VALUE OF IMPROVEMENTS

Fiscal Years 1962 Through 1965

<u>Agency</u>	<u>Innovation</u>	<u>Automation</u>	<u>Improvements Resulting From Increased Productivity</u>	<u>Total</u>
AMS	\$ 12,279,713	\$ 64,600	\$ 7,920,000	\$ 20,264,313
ARS	4,634,554	517,500	10,163,932	15,315,986
ASCS	22,741,014	---	30,078,357	52,819,371
CEA	13,200	25,500	---	38,700
CSRS	---	---	70,000	70,000
ERS	236,000	4,000	---	240,000
FCS	4,130	---	---	4,130
FCIC	1,122,302	---	---	1,122,302
FAS	16,486,708	11,790	---	16,498,498
FHA	155,176	41,774	76,900,000	77,096,950
FS	59,564,900	4,042,500	---	63,607,400
OGC	156,000	---	---	156,000
INF	263,800	---	---	263,800
IADS	7,513	---	92,000	99,513
OMS	4,523	---	---	4,523
NAL	223,100	3,318	---	226,418
OP	331,391	---	---	331,391
REA	2,721,715	20,500	---	2,742,215
SCS	3,969,759	2,664,382	25,363,684	31,997,825
SRS	504,525	102,800	90,000	697,325
USDA- WIDE IMPROVE- MENTS	<u>92,094,547</u>	---	---	<u>92,094,547</u>
TOTAL	<u>\$217,514,570</u>	<u>\$ 7,498,664</u>	<u>\$150,677,973</u>	<u>\$375,691,207</u>

In addition to the above, is a reduction of surplus commodities and related carrying charges. Wheat carryover dropped from 1.4 billion bushels in 1961 to 900 million bushels today; feed grain stocks dropped from 85 million tons to an estimated 58 million tons at the end of this marketing year. If the government were carrying this difference in stocks in owned inventories, it would be incurring an additional \$640 million per year of carrying charges (storage, handling, transportation and interest) than it is currently incurring.

In addition to the dollar amounts shown in the summary chart, countless improvements all over the country have gone unsung - everyday efforts by people who have come to feel that management improvement, innovation and economy are part of the job.

Also, in addition to the improvements to which a dollar value has been attached, there have been several organizational realignments which have made the Department more effective in meeting its responsibilities and more responsive to changing needs. These have included:

- A. Consolidation and extension of internal audit and investigation activities
- B. Centralization and automation of payroll and related activities
- C. Consolidation of management services (savings from this improvement included in USDA summary figures)
- D. Realignment of agencies under Assistant Secretaries (or Directors)
- E. Consolidation of agricultural economics activities
- F. Departmental leadership in management appraisal and systems development activities

RESULTS? HOW?

Large savings have been realized through the adoption of automatic data processing methods, by centralizing management services, by improving program management, and in many other ways. Millions of dollars have also been saved through the individual involvement on the part of rank-and-file USDA employees in management improvement efforts - each trying to do a better job.

A few examples:

- o Harder-hitting fire attack - reflecting better training and planning by the Forest Service - has helped reduce the size of the average forest fire by 46%. Value: \$47.8 million in 1962-64.
- o The Agricultural Stabilization and Conservation Service reduced the size of paper used for aerial photographs - with savings of more than \$38,000 through this fiscal year.
- o The Agricultural Marketing Service began "bulk mailing" market news reports whenever 10 or more pieces are mailed to the same place. Eighteen million market news reports are being bulk mailed each year - at a postage savings of \$245,000.
- o Testing for brucellosis in beef cattle herds is now being concentrated in cattle that are on the way to market. This eliminates 90% of expensive "on-the-ranch" testing - yet any infection discovered by the Agricultural Research Service can be quickly traced back to the ranch. Value: \$2.5 million through this fiscal year.
- o Planning and constructing watershed projects by the Soil Conservation Service involves the evaluation of a multitude of geophysical and technical factors. The agency developed a new computer program for the study and selection of answers to these complex problems from a large number of alternatives. Use of a computer for this purpose will result in avoided costs of time and manpower in excess of \$850,000 by the end of Fiscal Year 1965.

- o In the Federal Crop Insurance Corporation, savings of over \$200,000 per year have stemmed from the elimination of unnecessary audit functions.
- o Some \$36,000 was diverted to more urgent program needs by the Foreign Agricultural Service when two overseas attache posts were closed under a revised evaluation plan.
- o The National Agricultural Library saves \$1100 annually by acquiring commercially published periodicals in exchange for indexing them in its Bibliography of Agriculture.
- o The Rural Electrification Administration has found a way to use automatic data processing methods to handle borrower insurance renewals. This, together with use of standard insurance policies and other streamlining efforts, is yielding a saving of \$37,500 annually.
- o Mechanical instead of manual auditing of the daily reports of commodity brokers and traders in the Commodity Exchange Authority saved over \$13,000.
- o The Department administers many programs involving grants to States. Typically, a deduction is made for Federal administration. Through intensive manpower utilization efforts the Cooperative State Research Service will be able to distribute all grant money authorized under three new programs to the States without such a deduction. The value of this effort through Fiscal Year 1965 is \$70,000. Grant money authorized under the three programs amounts to over \$5.7 million.
- o An aggressive Departmentwide safety program has produced a considerable reduction in direct costs incurred as the result of injuries during the Calendar Year 1961-1963 period. Savings have exceeded \$1.1 million. This figure is a very conservative estimate - it does not include a reduction in indirect costs. More important than dollar savings is the avoidance of human suffering and anguish represented by this effort.
- o By shifting to a lower cost diffusion process photocopy paper, Department agencies saved \$38,000 per year.

- Reports ... paperwork ... these have long been synonymous with governmental operations. Through a new reports review program the Department is taking a "second look" at all of its reports. A total of 119 of these have been completely eliminated and 149 have been improved. The annual value of this concerted effort to cut costs is estimated at almost \$370,000 to date.
- In another area ... publications ... the Department is "taking stock". Surveys showed that there were ways in which money spent on publications could be reduced without impairing the Department's program objectives. A strict Publications Control Program was established. So far, over \$200,000 has been saved by establishing the need for publications prior to preparation and making doubly sure that the USDA publishes only what is needed and that what is published meets exacting standards of both effectiveness and economy.

USDA OPERATIONS IMPROVEMENT INVENTORY 1961-1964

THE USDA
AGENCIES
AND
EMPLOYEES
DID THE JOB.

AGRICULTURAL MARKETING SERVICE

Management improvements through:

o Innovation	\$12,279,713
o Automation	64,600
o Productivity increases	<u>7,920,000</u>
Total management improvements	<u>\$20,264,313</u>

The Agricultural Marketing Service has initiated more than 200 separate management improvements since July 1, 1961. Some of these - worth \$20 million - have already been installed.

Any one improvement - even a \$100 annual savings in accounting procedures - is good news. A \$7,700,000 increase in poultry inspection productivity is excellent news.

A sample of Agricultural Marketing Service efforts:

INNOVATIONS

o Meat in Natural Juices.

Since 1963, canned meat for the School Lunch Program has been purchased in natural juices instead of gravy. The Federal government, therefore, no longer pays the processor for making gravy. Savings from this innovation are estimated at \$2,825,000 for the period 1963-1965. The same practice has been followed in distributing surplus foods to needy families since FY 1964. Procurement savings in the latter program are estimated at \$6,300,000 through FY 1965. The savings are used to purchase many more million pounds of meat than could have been procured using the old method.

o "Bulk-Mailing."

The Agricultural Marketing Service mails millions of market news reports each year. In FY 1964, the agency began bulk-mailing these reports whenever ten or more pieces of mail of the same size are mailed at the same time to the same place. These bulk packages can be mailed at reduced postage rates.

In 1964, AMS "bulk-mailed" 18 million market news reports. Savings from this one innovation are small in unit value, but when multiplied by the many million pieces mailed, annual savings amount to \$245,000.

AUTOMATION

- o Simplified Preparation of Warehouse Receipts.

The use of mechanical methods for processing official receipts for grain stored in Federally licensed warehouses has yielded savings of \$20,000 since FY 1962. The change simplifies warehouse receipt preparation; it also makes the receipt directly usable in automatic data processing systems.

PRODUCTIVITY

- o Poultry Inspection.

Productivity increases in administering the mandatory poultry inspection program will amount to \$7.7 million by the end of Fiscal Year 1965. An increase from 1961 to 1964 of 1.2 million pounds inspected per man-year can be attributed to improved training, better assignment of personnel, use of intermittent inspectors, and improvements in processing plant layout.

AGRICULTURAL RESEARCH SERVICE

Management improvements through:

o Innovation	\$ 4,634,554
o Automation	517,500
o Productivity increases	<u>10,163,932</u>
Total management improvements	<u>\$ 15,315,986</u>

The more than \$15 million in improvements in ARS were, to a large extent, brought about through productivity increases in meat inspection. Other significant improvements resulted from innovations in research techniques - which also helped speed up research progress.

Illustrative examples of some Agricultural Research Service accomplishments follow:

INNOVATIONS

o Cheaper and Safer Fire Ant Poison.

The development of Mirex bait for use in combatting fire ants has produced savings of over \$1 million to the Federal government to date. This reduced cost, together with increased safety to fish and wildlife, has also produced renewed interest and greater State and local participation in fire ant control.

o Standard Job Descriptions.

One of many small innovations installed by the Agricultural Research Service resulted from use of standard job descriptions in lieu of individually described jobs wherever possible. This innovation produces savings of \$7,000 per year.

o Centralized Records.

A similar economy of \$7,000 annually stems from the centralization, at headquarters, of salary cost and obligation records formerly kept in field offices of the Market Quality Research Division.

AUTOMATION

- o Dairy Herd Improvement Records Using Automatic Data Processing.

Conversion of dairy herd improvement records to a system using high speed computers has not only yielded savings in personnel but also has provided a capacity to handle promptly a large increase in information. From 200 to 250 employees would be required to equal the output of 22 employees using a computer. Savings of \$320,000 will have accrued from this improvement by the end of Fiscal Year 1965.

PRODUCTIVITY

- o Meat Inspection Productivity.

Meat inspection productivity increases have been impressive. The number of pounds of meat inspected per man-year increased 1.4 million pounds from 1961 to 1964, resulting in an avoided cost of \$7,545,932.

- o In-Transit Brucellosis Testing.

Testing for brucellosis in herds of beef cattle on the way to market (instead of before shipment) has eliminated over 90% of on-the-ranch testing, and has greatly increased the productivity of cattle-testing employees. It will have saved almost \$2.5 million through Fiscal Year 1965. This will permit the extension of brucellosis eradication activities into new areas several years earlier than would have been possible using old methods.

CHEAPER FOOT-AND-MOUTH DISEASE VIRUS

- o In addition to other improvements discussed above, a spectacular reduction in the cost of producing live foot-and-mouth disease virus resulted from efforts of ARS researchers. Using an improved method, the virus is produced on tissues from slaughtered animals rather than in live animals. A milligram of virus - which formerly cost \$40,000 to produce - now

costs only \$25. Future production of the virus will be at a rate which would be impossible under the old method. If enough live animals were available, current rates of production under the old method would cost approximately \$300 million annually.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Management improvements through:

o Innovation	\$ 22,741,014
o Productivity increases	<u>30,078,357</u>
Total management improvements	\$ <u>52,819,371</u>

Added to this is a reduction of surplus commodities and related carrying charges. Wheat carryover dropped from 1.4 billion bushels in 1961 to 900 million bushels today; feed grain stocks dropped from 85 million tons to an estimated 58 million tons at the end of this marketing year. If the government were carrying this difference in stocks in owned inventories, it would be incurring an additional \$640 million per year of carrying charges (storage, handling, transportation and interest) than it is currently incurring.

Other examples:

INNOVATIONS

o Position Management.

Early in calendar year 1964, each Washington Division and Office Director in ASCS met with the Deputy Administrators of the agency to review each Washington office position. All positions which could be eliminated when vacated were identified. At least 56 positions have thus been abolished. Savings of \$410,200 through FY 1965 will result from this review.

o Wheat Shipment - Competitive Bid Procedure.

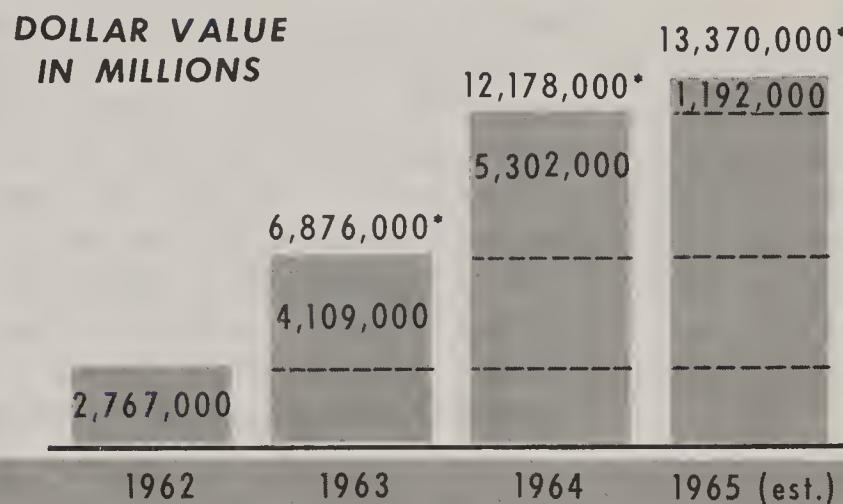
Early in 1964, under a new competitive bid procedure, ASCS moved almost 21 million bushels of wheat from Great Lakes ports to the Buffalo area and the East Coast, at a savings of \$750,000.

PRODUCTIVITY

o Commodity and County Offices.

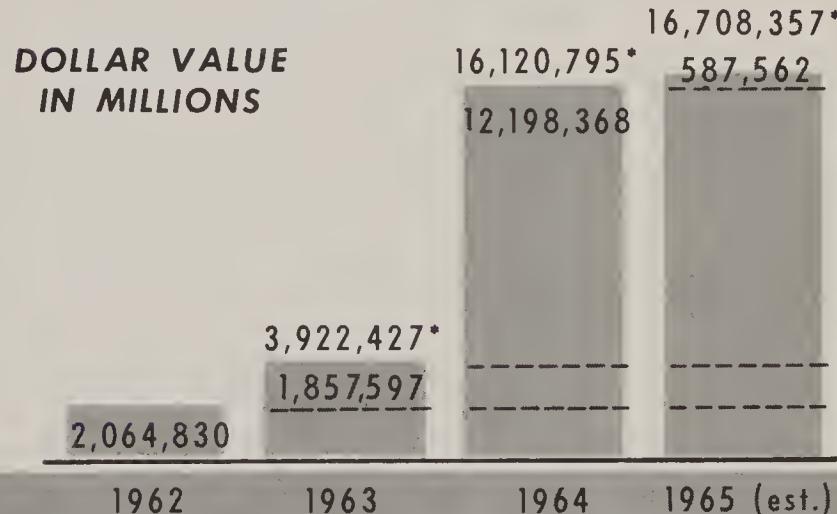
Significant increases in employee productivity in the Agricultural Stabilization and Conservation Service are depicted in chart form on the following page.

INCREASED COMMODITY OFFICE PRODUCTIVITY COSTS AVOIDED



*Cumulative total.

INCREASED COUNTY OFFICE PRODUCTIVITY COSTS AVOIDED



*Cumulative total.

Fiscal Years

COMMODITY EXCHANGE AUTHORITY

Management improvements through:

o Innovation	\$13,200
o Automation	<u>25,500</u>
Total management improvements	<u>\$38,700</u>

Small savings in small agencies add up to big savings Departmentwide. A case in point: the Commodity Exchange Authority. Since July 1, 1961 a series of innovations and the use of automated processes have yielded improvements worth close to \$39,000. A sizeable (\$13,500) contribution to this total resulted from the installation of mechanical, in lieu of manual, auditing of daily reports from commodity brokers and traders. Mechanical audit techniques also increased speed in detecting reporting errors and in the enforcement of speculative limits.

COOPERATIVE STATE RESEARCH SERVICE

Management improvements through:

- o Productivity increases \$70,000

Dollar savings in the amount of \$70,000 have accrued in the Cooperative State Research Service through intensive manpower utilization efforts. New programs - Cooperative Forestry Research and Grants for Basic Research (both in Fiscal Year 1964) and the Research Facilities Program (in Fiscal Year 1965) - were thus initiated without a deduction for Federal administration.

All grant money authorized under authorities related to these programs will be distributed to the States - none will be withheld for administration.

ECONOMIC RESEARCH SERVICE

Management improvements through:

o Innovation	\$236,000
o Automation	<u>4,000</u>
Total management improvements	<u>\$240,000</u>

Imagination and resourcefulness have paid off for the Economic Research Service. For example, carefully planned use of available Automatic Data Processing library programs led to the adoption of existing ADP systems and programs to meet the needs of the Economic Research Service. Purchasing or developing specially designed systems would have cost an estimated \$200,000 more.

Improved readability of research reports and publications has been stressed while shortening reports whenever feasible and eliminating those of least value. Mailing lists have been reviewed and distribution costs pared down wherever possible. These efforts will have produced estimated savings of \$28,000 by the end of Fiscal Year 1965.

FARMER COOPERATIVE SERVICE

Management improvements through:

- o Innovation \$4,130

Simplification of procedures have produced significant savings in the Farmer Cooperative Service. Authority to control and approve travel was delegated to Division Directors eliminating the need for a travel request form. This change saved \$1,000 annually and strengthened the management and control of travel at the division level in the agency.

FEDERAL CROP INSURANCE CORPORATION

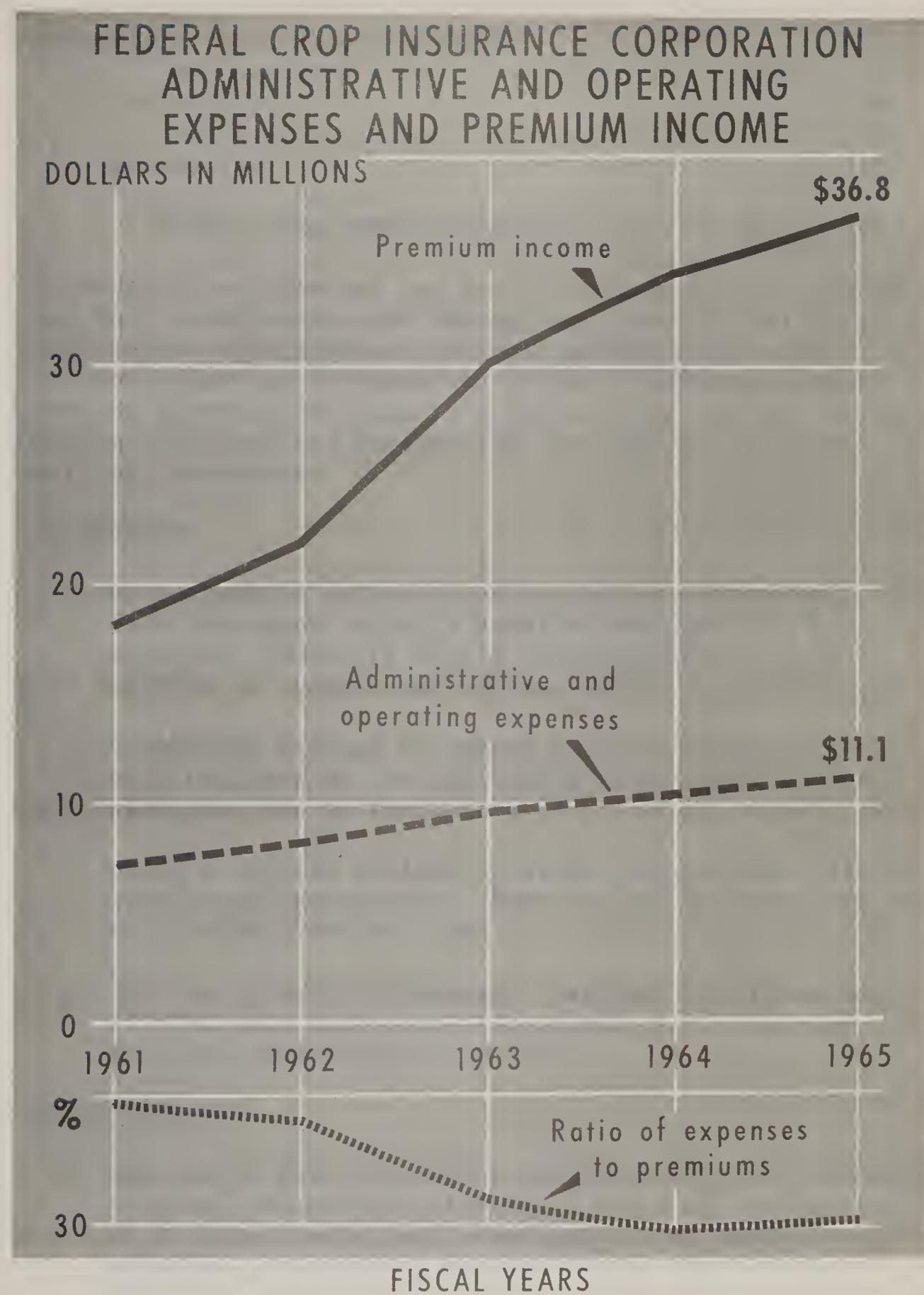
Management improvements through:

o Innovation \$1,122,302

All but \$40,000 of the total improvements realized by the Federal Crop Insurance Corporation resulted from a comprehensive task force study of the Corporation's activities in 1961. As an outgrowth of this study, the Corporation was reorganized and administrative procedures were very substantially revised as follows:

1. Six regional underwriting offices were closed. The functions of these offices were transferred to four area offices, eliminating salary costs amounting to \$83,000 annually.
2. Savings in rent amounted to \$7,500 annually.
3. The elimination of duplicate audit functions in the Corporation's Branch Office led to the abolishment of 36 positions. The value of this improvement through FY 1965 will be in excess of \$600,000.
4. Records that required 10 clerks to maintain were completely eliminated.

A chart depicting insurance income growth in relation to administrative and operating expenses appears on the page following. The data are actual through FY 1964 and projected for FY 1965. The ratios shown at the bottom of the chart reflect a significant decline in administrative and operating costs in relation to premium income. For each dollar of premium paid for crop insurance by farmers in 1961 the Corporation spent approximately 40 cents for administrative and operating expenses. These costs were reduced to below 30 cents per dollar of premium income by FY 1964 and should remain at about the same level for FY 1965. It would have cost \$9.6 million more to finance FCIC administrative and operating activities for fiscal years 1962 - 65 if the reduction in the FY 1961 cost ratio had not occurred.



FOREIGN AGRICULTURAL SERVICE

Management improvements through:

o Innovation	\$ 16,486,708
o Automation	<u>11,790</u>
Total management improvements	\$ <u>16,498,498</u>

Innovation has provided the key to management improvement and cost reduction in the Foreign Agricultural Service. Innovations have produced savings ranging from an \$8 million reduction in Commodity Credit Corporation export subsidy payments on rice, to a \$300 saving realized by the Office of Barter and Stockpiling from the use of self-mailing techniques.

INNOVATIONS

- o By converting shipments of wheat and soybean oil from containers to bulk handling methods, FAS has saved the Commodity Credit Corporation over \$4.6 million in program and storage costs.
- o An average savings of almost \$90,000 annually has been realized by cutting foreign trade exhibit construction and design costs.
- o Using a revised evaluation plan, two overseas attache posts have been closed. Some \$36,000 was diverted to more urgent program needs.
- o The use of on-site language training facilities not only has cut costs but also permits more intensive training of overseas personnel.

AUTOMATION

- o The use of data processing equipment to list commodity shipping records has eliminated the need for mailing of bills of lading and other records to agricultural attaches, at a saving through Fiscal Year 1965 of \$11,790.

Very substantial savings to the government and in the U.S. balance of payments position stem from two other sources:

1. The increased use by the United States of foreign currencies generated by sales of commodities under Public Law 480 as well as increases in regular marketing requirements. Value: \$48.9 million.
2. The increased sale of cotton for dollars since 1961. Under revised U.S. policy, countries may use their own currencies to purchase cotton under Public Law 480 to meet domestic needs only. Cotton used to replace the raw cotton content of textiles for export must be purchased for dollars. Value: \$27 million.

FARMERS HOME ADMINISTRATION

Management improvements through:

o Innovation	\$ 155,176
o Automation	41,774
o Productivity Increases	<u>76,900,000</u>
Total management improvements	<u>\$77,096,950</u>

By seizing every opportunity to cut down overhead costs, streamline operations, and apply every available man-hour to productive effort, the Farmers Home Administration has been able to more than double its loan making and loan servicing workload with only a 16% increase in administrative costs and a 10% increase in man-years of employment.

This significant increase in productivity is in large part due to a dedicated and hard-working field staff. Management improvements which helped include:

INNOVATIONS

o Reduction in Mileage Costs.

In lieu of authorizing use of privately-owned cars - reimbursable at 9¢ a mile - State office travelers were given a choice between using GSA cars (which cost the agency about 7¢ a mile) or driving their own cars at 7¢ a mile. This will save the agency over \$155,000 in Fiscal Year 1965.

o Progress in Work Measurement.

Further management improvements are expected. A much improved work measurement system has been installed. Work measurement data will be used in more precise program planning, work reporting, manpower utilization, budget preparation and execution, and for improved accounting records.

AUTOMATION

Through continuing review of Automatic Data Processing systems and procedures at the National Finance Office in

St. Louis, Missouri, the agency has extended the use of automatic data processing equipment in handling increased workloads. For example:

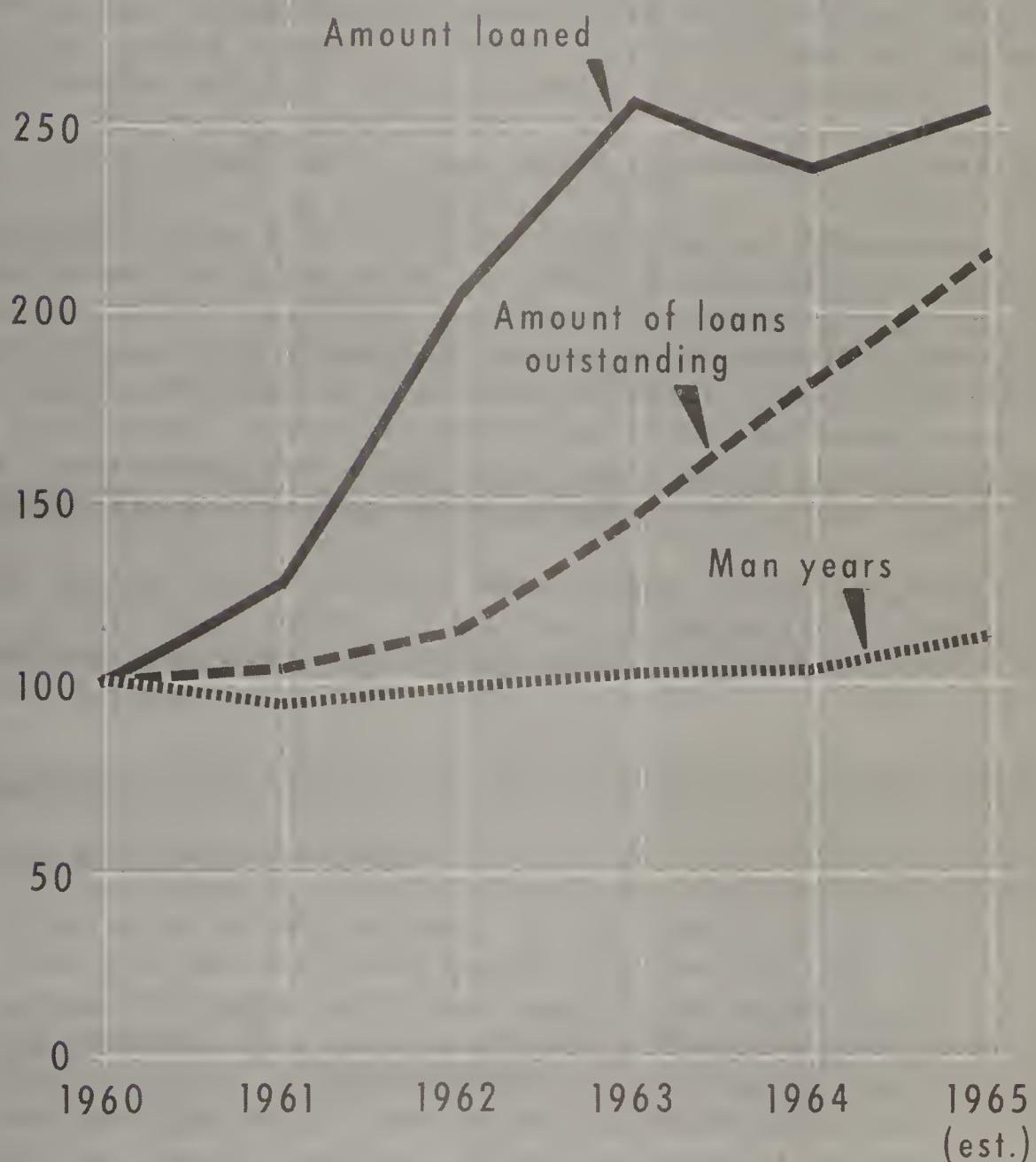
- Memorandum statements of accounts for about 12,000 new loans a year, and sale documents for about 6,000 loans a year, are being prepared from punch cards already available for other purposes.
- Handling of semi-annual "caseload reports" from some 1,500 county offices, involving about 40 items of data each, has been converted from manual methods to automatic data processing equipment. Summary management reports can now be prepared, and special analyses made, which would have been much more costly if manual methods were continued.
- Separate statements of accounts previously prepared for farm ownership, soil and conservation ownership, and rural housing loans, have been combined into one statement-of-account form. About 7,000 name and address punch cards and manual statements of account have been eliminated.

PRODUCTIVITY INDICATORS

- If administrative expenses had increased as much as workload (as calculated and justified on the basis of work measurement data) during the 1961-1965 period, \$76.9 million more in administrative expenses would have been required. This concept is graphically shown on the following page.

F. H. A.
INDEX OF LOAN ACTIVITY AND SIZE OF STAFF

PERCENT OF 1960



FOREST SERVICE

Management improvements through:

o Innovation	\$59,564,900
o Automation	<u>4,042,500</u>
Total management improvements	<u>\$63,607,400</u>

The Forest Service has achieved substantial operating economies despite a tremendous increase in workload brought about by greater timber harvest, a flood of recreational visits and more intensive multiple use management of the National Forests. The table above reflects only the more significant Forest Service cost-saving management improvement actions.

In addition to the \$63.6 million identified in the table, several other major projects for which reasonably precise estimates are not available have been yielding savings worth millions of dollars. These economies resulted from, for example, revision of the Forest Service timber sale contract provisions, unusually efficient timber salvage operations, contracting for small field jobs, and a number of new automatic data processing applications.

The key to the Forest Service cost-saving effort (as elsewhere in this Department) is the use of ingenuity in both program and management operating areas. Representative examples follow:

INNOVATIONSo Improved Fire Control.

In spite of a 24% increase in the number of forest fires in the last three years, the average acreage burned in recent years has been 99,800 acres below the previous five year average. Although weather was also a factor, a 46% decrease in the size of the average fire to a large extent reflects fast, hard-hitting control action. Effective control action is, in turn, based upon improved training and better planned and coordinated efforts by ground and air attack forces. The reduction in burned area represents resource losses and suppression costs avoided. These are estimated to be \$47,800,000 for the 1962-64 period.

- o More Economical Blister Rust Control.

Another innovation has resulted in more economical blister rust control. Through the discovery and development of antibiotic fungicides, this enemy of the Western White Pine in the Northern Rocky Mountain Area is being controlled. Thousands of acres of forest land have been brought into production at a lower cost per acre. Savings projected through Fiscal Year 1965 amount to \$3 million. Also, using this new method many thousands of acres formerly excluded from the control program because of the high cost of older methods can now be brought into production.

- o Economies in Sign Manufacture.

As in other USDA agencies, small per unit economies are multiplied when large numbers of such units are involved. For example, large identification, information and interpretive signs previously were made from two and three inch dimension lumber. In some cases this material can be replaced by plastic overlaid plywood. Maintenance, shipping and erection costs are thus reduced. Savings are currently running at the rate of \$36,750 annually through this innovation alone.

AUTOMATION

- o Efficiency in Road Design and Location.

Beginning in Fiscal Year 1962, Forest Service engineers, operating in some of the most difficult terrain in North America, have greatly reduced the man-hours of engineering per mile of road built, by applying the latest advances in photogrammetric and computer methods. A savings of 393 engineer man-years (worth \$3,930,000) will have resulted from this improvement by the end of Fiscal Year 1965. In addition, the new methods have lowered user maintenance and operating costs by about a million dollars since 1961.

OFFICE OF THE GENERAL COUNSEL

Management improvements through:

- Innovation \$156,000

Management improvements worth an estimated \$156,000 have been achieved by the Office of the General Counsel through (1) improved utilization of stenographic staff through the installation of a centralized machine dictating system in Washington, (2) increased use of photocopying equipment, and (3) more use of guide and form letters. These improvements represent the kind of practical innovation encouraged throughout the Department.

OFFICE OF INFORMATION

Management improvements through:

- o Innovation \$263,800

The savings through innovation identified above have stemmed from two special efforts of the Office of Information as follows:

1. Through the final review and placement of agency printing orders, the Office will have reduced the cost of such printing by almost \$250,000 by the end of Fiscal Year 1965.
2. The Department's weekly radio tape service has been expanded from mailing 360 tapes per week for 2 programs, to 610 mailings per week for 3 programs. This increase was made possible through the purchase and use of a high speed tape duplicator. This purchase, in addition to expanding service, resulted in an avoided cost of \$6,000 annually, or the salary of a person who would have been needed to handle the expansion of service.

INTERNATIONAL AGRICULTURAL DEVELOPMENT SERVICE

Management improvements through:

o Innovation	\$ 7,513
o Productivity increases	<u>92,000</u>
Total management improvements	<u>\$99,513</u>

The International Agricultural Development Service was established in 1963 to better meet increasing demands on the Department for more active participation in overseas agricultural development programs. Personnel and functions were transferred to the new agency from the Foreign Agricultural Service. Productivity gains have been particularly impressive and account for a sizeable portion of the nearly \$100,000 realized from management improvements. These gains have resulted from such improvements as:

1. More group training of foreign nationals.
2. Better training of the staff of IADS for better programming and simplified methods.
3. Better liaison with universities involved in training overseas personnel.
4. Better orientation of Technical Leaders, including the development of a reference handbook.
5. The standardization of certain segments of training courses prepared for each group and/or individual.

OFFICE OF MANAGEMENT SERVICES

Management improvements through:

- o Innovation \$4,523

The savings included above are derived from internal operating innovations only. They are in addition to savings resulting from the establishment of the Office of Management Services in 1963 (identified elsewhere in this Report).

The innovations represented by the \$4,523 include (1) the development of a "Port-a-punch" card system for use in time-reporting under the OMS work measurement system, and (2) the installation of a method whereby art work purchased from the Office of Information is kept in a central file for re-use.

NATIONAL AGRICULTURAL LIBRARY

Management improvements through:

o Innovation	\$223,100
o Automation	<u>3,318</u>
Total management improvements	<u>\$226,418</u>

These improvements further illustrate the scope of imagination and ingenuity of USDA employees. For example:

1. Commercially published periodicals are acquired at a savings of \$1100 annually in exchange for indexing them in the Bibliography of Agriculture.
2. The author index to the Bibliography of Agriculture has been mechanized, releasing over \$3300 annually to index additional publications for use by scientists and others.
3. An estimated \$122,000 in annual savings has been realized through the preclearance of bibliographies and translations. This figure represents the cost of the bibliographies and translations, exclusive of publication, if the National Agricultural Library had to prepare or pay for their preparation.

OFFICE OF PERSONNEL

Management improvements through:

o Innovation \$331,391

The dollar savings identified above relate to internal Office of Personnel improvements and cost avoidances only. Departmentwide cost saving efforts conducted under the leadership and sponsorship of the Office of Personnel such as the USDA Safety Program are discussed elsewhere in this Report.

During the period 1961-1964 such new personnel management activities as employee - management relations, an inter-group program, increased emphasis on safety, automation and systems, and manpower utilization have been added to the workload responsibilities of the Office of Personnel. During this same period of time there has been no increase in the staff of the Office. Earlier programs have been carried forward without sacrificing their quality. It is estimated that a cost avoidance of over \$75,000 annually has resulted from the absorption of workload generated by the new programs.

Another example of the cost-saving efforts of the Office of Personnel has been its use of an existing USDA facility at Front Royal, Virginia for inter-agency training programs. Local caterers provide all food, maid service and other logistical support for the trainees and instructors at a cost which permits a 50 per cent reduction in the normal per diem cost of such programs. A savings is also realized from the reduced cost of facilities normally needed for training purposes such as conference rooms. It is estimated that total savings from this project will exceed \$28,000 by the end of fiscal year 1965.

RURAL ELECTRIFICATION ADMINISTRATION

Management improvements through:

o Innovation	\$2,721,715
o Automation	<u>20,500</u>
Total management improvements	<u>\$2,742,215</u>

Through careful review of the Rural Electrification Administration organization structure, and top management support for major cost saving actions, the agency has discovered - and put into effect - many ways to make the taxpayers' dollars go farther. For example:

INNOVATIONS

- o The REA reorganization of August 1961 eliminated the position of Assistant Area Director in both the electric and telephone area offices. This action, in effect, eliminated ten filled positions at the GS-13 level and reduced overhead supervisory costs in the electric and telephone programs by some \$506,500. The 1961 reorganization also helped reduce Washington loan and operations analysis staff in the electric and telephone programs from 116 to 96. This action will have reduced costs by an estimated \$556,180 by the end of Fiscal Year 1965.

AUTOMATION

- o REA policies and procedures in connection with borrowers' insurance requirements have been simplified to permit REA to use ADP equipment in processing notices and evidences of borrower insurance policy renewals. This action, together with development of standard insurance policies for borrowers, will eliminate the need to receive and review about 18,000 duplicate insurance policies annually, for a net saving of \$20,500 through Fiscal Year 1965.

CONSERVING LOAN FUNDS

- o In addition to over \$2.7 million in operating improvements, loan funds have been conserved through the establishment of criteria for the use of borrowers' general funds that must be met by loan applicants. As

a consequence, borrowers are investing more of their own funds in new facilities and are making more advance payments on their existing loans with the **result** that new and outstanding loans have been kept to a minimum.

<u>Loan funds saved</u>	
<u>by tighter requirements</u> \$62,300,000
<u>Increase in advance</u>	
<u>payments over 1961 level</u> \$72,000,000

SOIL CONSERVATION SERVICE

Management improvements through:

○ Innovation	\$ 3,969,759
○ Automation	2,664,382
○ Productivity increases	<u>25,363,684</u>
Total management improvements	<u>\$31,997,825</u>

Management improvements devised by the Soil Conservation Service since July 1, 1961, are valued at almost \$32 million. These savings represent both reduced and avoided costs. Productivity gains have been Service-wide and account for the largest single source of savings.

The examples which follow illustrate both the scope and value of this agency's management improvement efforts:

INNOVATIONS

- A new system of comprehensive program inspections has eliminated over 1,600 individual inspections per year. Under the new approach, Work Unit inspections as such have been eliminated. They have been replaced by about 95 comprehensive area inspections. This change makes more time available for the area conservationist to manage his area and for the work unit head to serve farmers and ranchers. Over \$1 million will have been diverted to more useful work as the result of this innovation by the end of Fiscal Year 1965.
- After careful study, two training centers operated by the Soil Conservation Service were consolidated into one and its location moved to a better site. As part of this same effort, several formal courses were reduced in duration. Training at the employee's work location was intensified. Savings from this improvement in per diem, transportation costs, and salaries will amount to over \$128,000 by the end of Fiscal Year 1965.

AUTOMATION

- A computer program recently developed by Soil Conservation Service engineers is handling the complex job

of watershed project planning more efficiently and at less cost than previous methods. Planning and constructing these projects involves the evaluation of a multitude of geophysical and technical factors. The new automated system provides for the study and selection of a course of action from a large number of alternatives. Savings (in the form of avoided costs) from this development will approximate \$860,000 by the end of Fiscal Year 1965.

PRODUCTIVITY

- Through continued use of new methods and continued emphasis on sound management to increase efficiency and reduce costs, the Soil Conservation Service has made sizeable increases in (1) acres of land for which conservation plans were prepared, (2) technical services provided per man-year, and (3) the number of landowners and operators assisted in applying soil and water conservation practices. The value of these productivity gains for the Fiscal Years 1963-1965 is estimated at over \$25 million.

The aforementioned operations improvements and cost-saving actions do not include (1) contributions to the Soil Conservation Service from State legislatures (\$19.3 million through Fiscal Year 1965) for assistance to Soil and Water Conservation Districts, watershed planning, and snow surveys, and (2) contributions from State and local agencies and groups (as well as other Federal agencies) for soil survey work (\$8 million through Fiscal Year 1965). Such contributions to the work of the Soil Conservation Service enable the agency to extend its soil and water conservation and soil survey efforts considerably.

STATISTICAL REPORTING SERVICE

Management improvements through:

o Innovation	\$504,525
o Automation	102,800
o Productivity increases	<u>90,000</u>
Total management improvements	<u>\$697,325</u>

The Statistical Reporting Service was established in 1961 to provide coordinated statistical services throughout the Department. Primarily in FY's 1964 & '65, the agency took some imaginative actions to maximize efficiency of operations.

Actions to reduce costs of the Washington Data Processing Center will have saved user agencies almost \$173,000 by the end of Fiscal Year 1965.

Estimated additional costs of \$250,000 have been avoided by reduction of segment size for enumerative surveys.

Other management improvement actions have involved no money savings - or an unknown amount - such as:

- o Use of ADP for more sophisticated statistical information.
- o Quarterly Pig Crop Estimates using probability mail samples.
- o Initiation of a study to discover means of distinguishing between different field crops by aerial photography and photogrammetry - using both visible and infrared light.
- o Installation of a time accounting system in the Washington Data Processing Center to permit machine billings and improve staff use.
- o A work measurement program in field offices.

DEPARTMENTWIDE MANAGEMENT IMPROVEMENTSUSDA SAFETY PROGRAM

In 1961, the Director of Personnel assigned the responsibility of providing aggressive Departmentwide leadership of the "Safety Promotion Program" to a full-time USDA Safety Officer. It was hoped that through cooperative efforts with agency safety officers the cost to the Department of injuries and accidental deaths might be reduced. It does not necessarily follow that the dramatic reduction actually accomplished during the past three years in this area resulted solely from the Safety Program. However, the relationship between aggressive Departmentwide leadership and the steady USDA decrease in injuries and accidental deaths appears to be more than coincidence.

The following statistics illustrate the point:

Reduction of Injury Costs Incurred by the USDA

Total Direct Costs,	Amount	Savings
Calendar Year 1961	\$2,697,301	\$
Total Direct Costs,		
Calendar Year 1962	2,335,590	361,711
Total Direct Costs,		
Calendar Year 1963	1,879,306	817,995
Total Reduction in Costs		\$1,179,706

It is interesting, as well as distressing, to note that during the period 1961-63 direct costs of injuries to the government as a whole increased from \$35,353,035 to \$37,619,885 - an increase of \$2,266,850.

These statistics are conservative and are direct costs only. There has been a comparable reduction in a variety of indirect costs, property damage, work programs interrupted, as well as human suffering and anguish, the last being incalculable in dollars or any other terms.

USDA INCENTIVE AWARDS PROGRAM

The key objective of the Government Employee's Incentive Awards Act is to improve the efficiency and economy of government operations. Wide participation by employees at all levels has been gained and recognition of achievements made through incentive awards.

During the three fiscal years 1962-64, cash awards were given for 9356 ideas, suggestions, special acts or services contributed by USDA employees. First year tangible savings to the government for this effort amounted to an estimated \$3,061,035.

IMPROVED MANAGEMENT OF PHYSICAL FACILITIES

1. Consolidation of field offices.

Over 90% of the employees of the Department of Agriculture are stationed outside of Washington. Management of programs is highly decentralized. Agency field offices at the State and county levels are being consolidated to provide "one-stop" service to the public as well as to provide the economies of centralized management and housekeeping. Offices in 26 States and 1,323 counties have been consolidated.

A continuing inventory is maintained of each agency's offices. The inventory includes all office locations, personnel housed therein, and quality of space. Use of this inventory has helped to establish priorities for additional concentrated efforts.

2. Use of Excess Property.

Department policy emphasizes the use of available excess property (office furniture and equipment, motor vehicles, construction and road building equipment, hand tools, airplanes, etc.) rather than buying new items. During the past three years, the Department acquired from other Federal agencies, at no cost, excess property with original acquisition value of \$86.3 million. Some \$35 million of this property went to State Forestry Agencies and to Soil Conservation Districts.

3. Personal Property Management.

Department Regulations requiring physical inventories of all personal property were changed from an annual to a biennial basis in 1963. Thus, on alternate years, an estimated 25 man-years of employment, at a salary cost of about \$133,000, are applied to other essential administrative work.

4. Photocopy Paper.

During 1963, diffusion transfer process photocopy paper under GSA negotiated contracts ranged in price from \$46.08 to \$68.80 per 1,000 sets. Department studies determined that these papers are essentially the same in all characteristics, and that the lowest cost paper would produce acceptable copy. Department agencies

were directed to use the lowest cost paper. This supply management improvement resulted in an estimated annual savings of \$38,000.

REPORTS REVIEW PROGRAM

A Reports Review Program, Departmentwide in scope, was implemented by Secretarial memorandum in June of 1964. The project has been conducted in four phases as follows:

Phase 1 - Regulations establishing objectives, responsibilities and procedures were published.

Phase 2 - A handbook for agency guidance in establishing and operating a reports management program was published.

Phase 3 - A Departmentwide review of all reports was conducted to develop information on:

- a. The total number of reports prepared;
- b. The estimated individual and total annual cost of preparing reports;
- c. An identification of reports that could be improved or eliminated;
- d. An estimate of the value of improvements and the elimination of unnecessary reports.

Phase 4 - Agency recommendations for elimination or improvement of reports required by Staff agencies will be coordinated and appraised.

As a result of this program to date, 119 reports have been eliminated and 149 reports have been improved. The total estimated annual value of these report eliminations and improvements is \$368,806.

PUBLICATIONS CONTROL PROGRAM

A USDA-wide publications control program was established by Secretarial directive in the Spring of 1964 as a part of the Department's intensified efforts to reduce expenditures. Surveys had shown that there were a number of areas where publication budgets could be reduced without impairing essential program objectives.

Under the general direction of the Department's Office of Information a publications control program has been implemented. The need for a publication is carefully considered prior to its preparation. In addition, all manuscripts are reviewed prior to reproduction so that the USDA publishes only what is needed and that which is published meets exacting standards of effectiveness and economy.

Estimates of savings stemming from the program amount to \$175,000 for Fiscal Year 1964 (January-June) and \$31,000 for the first two months of Fiscal Year 1965 for a total of \$206,000 thus far (through August, 1964).

STATISTICAL SAMPLING IN VOUCHER EXAMINATION

New simplified procedures are expected to reduce USDA costs of processing disbursement vouchers by about \$200,000 annually. The technique is also scheduled for adoption in other Federal agencies.

Before paying bills received from vendors, claims of travelers for reimbursement, and similar documents, government practice has required that all of them be checked and verified. Most of them, in fact, are accurate and proper for payment. Pilot tests conducted in the Department indicated that by statistical sampling the examination work could be geared to the incidence of errors - i.e., the greater the number of errors the more vouchers are examined, and conversely the less the number of errors the fewer vouchers that need be checked and verified before payment.

The Congress authorized adoption of this system in P.L. 88-521, for vouchers in amounts less than \$100. The General Accounting Office will soon issue regulations prescribing appropriate procedures and standards.

The estimate of savings in USDA is subject to verification when the new procedures are developed and put into effect.

WORK MEASUREMENT

Major strides in work measurement have been taken throughout the Department since 1961. In July of 1964 an interagency task force completed a comprehensive study of all work measurement and reporting systems in the Department. This study, which is a highly significant benchmark in management improvement progress, showed that about 70 percent of USDA personnel ~~are covered~~ by work measurement systems. Further refinements

of these systems by the end of Fiscal Year 1965 will bring another 15 percent under such coverage and will increase the use and effectiveness of existing systems. The remaining 14 percent of the Department's employees are working in jobs to which work measurement cannot be applied - as far as is known at the present time. These workers are engaged in research, staff services, or in attache work in foreign countries.

SERVICING OF OFFICE MACHINES

Studies were completed in December 1964 to determine comparative costs for servicing of office machines under Federal Supply Schedule contracts vs. service on a per-call basis. These studies show that discontinuance of use of service contracts and having all work done on a per-call basis would result in estimated annual savings of \$250,000. A directive, dated December 22, 1964, requires that all outstanding purchase orders issued under service contracts be cancelled no later than March 31, 1965, and that future service be obtained on a per-call basis.

DEPARTMENTAL ORGANIZATIONAL IMPROVEMENTSGENERAL

A series of significant program realignments since 1961 has provided more effective, overall Secretarial control and coordination of the total resources of the Department. These program shifts were made in recognition of the changing role of the Department of Agriculture on both the national and international scene. They were made to better muster and direct the Department's considerable technical, scientific, and administrative expertise in the solution of the late 20th Century problems of rural America - and to give renewed emphasis to the consumer-oriented and public-at-large program responsibilities of many USDA agencies.

There follows an identification and brief discussion of the most significant of these changes:

A. CONSOLIDATION OF AGRICULTURAL ECONOMICS ACTIVITIES

In early 1961, economic research and statistical analysis and reporting activities were organized into two new agencies - the Economic Research Service and the Statistical Reporting Service. A high degree of coordination of the interrelated functions of these two organizations has been achieved by bringing them together under a Director of Agricultural Economics, a position that is the organizational equivalent of an Assistant Secretary. A Staff Economist Group, reporting to the Director, was established to develop and coordinate analytical studies of current and proposed agricultural programs.

This realignment has (1) enabled the Department to mount a concentrated attack on the economic problems confronting agriculture and (2) reduced the fragmentation of economic research - - improving both its quality and its usefulness. In the statistical area, both crop and livestock estimates work have been expanded and improved. New and better statistical techniques have been developed and put into operation. Statistical research and the use of automated methods have produced further gains in program effectiveness and efficiency.

B. REALIGNMENT OF AGENCIES UNDER ASSISTANT SECRETARIES (OR A DIRECTOR)

1. Rural Development and Conservation:

The Department has taken several important actions to improve the effectiveness of its programs for bettering rural life in America. These programs have received increased attention, greater emphasis and a general re-orientation.

The Office of Rural Areas Development (ORAD) was established in 1961 to facilitate the operation of the Rural Areas Development Program. ORAD coordinates and expedites the application and use of the resources of all USDA agencies at both headquarters and field levels. The Office also serves as a single point for coordinating agricultural functions delegated by the Department of Commerce to the Department of Agriculture under the Area Redevelopment Act.

To give still greater coordination and direction of programs in this general area, a series of actions in 1962 resulted in the administrative grouping of those agencies whose major program emphasis involves rural development and conservation, namely, the Office of Rural Areas Development, the Farmer Cooperative Service, the Farmers Home Administration, the Forest Service, the Rural Electrification Administration, and the Soil Conservation Service. The direction and supervision of these agencies on behalf of the Secretary was vested in an Assistant Secretary, Rural Development and Conservation. The Assistant Secretary has furnished the necessary day-to-day motive force to the overall aspects of the Rural Areas Development Program.

2. Marketing and Consumer Services:

In 1963, an Assistant Secretary for Marketing and Consumer Services was designated by the Secretary. The Assistant Secretary provides Department leadership for marketing and consumer-oriented programs including the regulation of futures trading and licensed commodity exchanges. Two agencies, the Agricultural Marketing Service and the Commodity Exchange Authority, were placed under the general direction of the Assistant Secretary for Marketing and Consumer Services.

3. International Affairs:

Several actions by the Secretary in 1963 gave recognition to the increased scope of the Department's international agricultural activities. The first of these was the designation of an Assistant Secretary for International Affairs. The Assistant Secretary supervises the international agricultural activities of the Department providing positive and aggressive coordination of the functions of the USDA with those of other organizations involved in international activities.

To better meet increasing demands for more active participation in foreign agricultural development programs the Department, in mid-1963, established the International Agricultural Development Service. Personnel and functions formerly the responsibility of the Foreign Agricultural Service were transferred to the new agency. Liaison between the Department and related organizations - including the Land Grant Colleges and the Agency for International Development, United Nations Organizations, and others - has been greatly facilitated and enhanced using the facilities of IADS.

4. Research and Education:

Comprehensive studies of the Department's far-flung research program led, in late 1963, to the designation of a Director, Science and Education, to serve as the Secretary's coordinator of these activities. Four agencies whose missions primarily involve research and education were grouped for administrative purposes under the direct supervision of the Director, Science and Education. These agencies were:

Agricultural Research Service
Cooperative State Research Service
Federal Extension Service
National Agricultural Library

In addition, the research efforts of such agencies as the Forest Service and the Economic Research Service were brought within the coordinating sphere of the Director, Science and Education.

C. CONSOLIDATION OF MANAGEMENT SERVICES

At the time of the establishment of the Agricultural Economics Group in 1961, a Management Operations Staff was established to provide centralized managerial staff services to the units in the grouping, i.e., the Staff Economist Group, the Economic Research Service and the Statistical Reporting Service. This centralization: (1) reduced overhead costs for administrative support by more than \$200,000 per year compared with the estimated costs if each unit had been provided with its own management component; (2) permitted line personnel to concentrate on line as opposed to staff support work; and (3) provided a concentrated attack upon management problems. The \$200,000 saving paid for the new Staff Economist Group and other program costs.

Early in 1963, the concept of a centralized management support staff was extended to provide service to a total of 17 offices and agencies of the Department employing approximately 5,000 persons. Centralized services furnished all 17 offices and agencies include budget, accounting, and related financial management; information services; personnel, organization and related activities; and procurement, property, space, communications, messenger, paperwork management and similar services. Manpower reductions in Fiscal Years 1964 and 1965 represent a saving from this consolidation of \$170,000 thus far.

D. CONSOLIDATION AND EXTENSION OF INTERNAL AUDIT AND INVESTIGATION ACTIVITIES

Until 1962, internal audit and investigation was carried on separately in ten agencies of the Department. These functions were centralized in the Office of the Inspector General. The Inspector General reports directly to the Secretary. Twenty-one audit and investigation field offices were consolidated into seven regional offices. The Inspector General has developed uniform procedures and policies for audit and investigation, has established methods to insure early disclosures of errors and violations of regulations, and has enabled the Department to give greater attention to its activities in program operations overseas.

E. DEPARTMENT LEADERSHIP IN MANAGEMENT APPRAISAL AND SYSTEMS DEVELOPMENT ACTIVITIES

Early in 1961, the Secretary recognized the need for critical analysis of USDA management and program activi-

ties - and for aggressive action toward more efficient and economical operations. Expressing his concern over the rising costs of carrying out USDA programs, the Secretary established the Office of Management Appraisal and Systems Development on December 8, 1961, under the general direction of the Assistant Secretary for Administration.

The Office of Management Appraisal and Systems Development relies heavily on the use of task forces composed of persons, drawn from the agencies, having particular competence in areas of work in which it is engaged. This enables the Department to achieve maximum utilization of the staff expertise that it has; to reduce the need for agencies to develop and maintain staffs of varied and specialized skills; and the Office to keep its own staff to the very minimum necessary to produce effective and beneficial results.

Significant studies undertaken in cooperation with the operating agencies and other staff offices since 1961 include the following:

1. A management appraisal of Federal Crop Insurance Corporation resulting in procedural and organizational improvements.
2. A task force review and appraisal of the organization, staffing, and activities of the Cooperative State Experiment Station Service (now the Cooperative State Research Service). The study identified significant areas in which improvements could be made and provided the basis for a comprehensive reorganization of the agency.
3. A task force study, and current development, of an improved information retrieval system for the National Agricultural Library.
4. A task force study, and current development, of a system for using automatic data processing equipment to maintain the Department's 1800 separate mailing lists.
5. A management appraisal of the Office of Information, resulting in use of new management techniques to meet changing demands of the Office.

Following the recommendations of a task force composed of high level agency representatives, the Department initiated a Management Improvement Project System in November, 1962. This System documents major management improvement efforts in the Department, provides for reporting significant information on these projects, and was designed for both internal and external reporting requirements. The information thus available is used in evaluating management improvement efforts in the Department, and offers a means to assure that developmental effort is applied to those areas offering greatest promise of economy or improved administration.

F. CENTRALIZATION AND AUTOMATION OF PAYROLL AND RELATED ACTIVITIES

Among the new systems having greatest impact on administrative operations throughout the Department has been the consolidation of all payroll and directly related accounting and personnel work. The Department previously conducted this work in 87 offices. By December 31, 1964, all USDA payroll, payroll accounting, and related personnel reporting will have been consolidated at the New Orleans, Louisiana, Computer Center. USDA employees paid under the centralized system are located in more than 10,000 different locations in the U.S. and foreign countries.

The new system, called MODE (Management of Objectives with Dollars through Employees), will provide comprehensive and consistent payrolling, accounting, and employment reports, to assist in more efficient management of the Department's programs.

Considering the size and complexity of its program operations, development of the MODE system in the Department of Agriculture has been recognized within and outside the government as a major undertaking and an outstanding accomplishment.

EXHIBIT

MANAGEMENT IMPROVEMENT AND COST REDUCTION REPORT

1. TITLE OR DESIGNATION OF ACTION

2. PROJECT NO.	3. CATEGORY	4. REPORTING PERIOD	
		FROM	TO

5. NATURE OF REPORT

PROPOSAL INTERIM FINAL SUPPLEMENTAL

6. DESCRIPTION OF ACTION OR PROJECT

7. NATURE OF SAVINGS *(Explain fully on reverse)*

a. BENEFITS ARE: RECURRING NON-RECURRING

b. COST INCREASE AVOIDED

c. COST REDUCTION: FUNDS HAVE BEEN OR WILL BE:

WITHDRAWN AND/OR NOT USED: \$ _____

DIVERTED TO OTHER USE (*Identify specifically*)

USED TO INCREASE OUTPUT IN SAME AREA IN WHICH IMPROVEMENT APPLIES (*Specify HOW in detail*)

8. ESTIMATED FINANCIAL AND MANPOWER SAVINGS

ITEM	FISCAL YEAR 19 ____	FISCAL YEAR 19 ____
FUNDS (Personal Services)	\$	\$
FUNDS (Other)		
TOTAL	\$	\$
COSTS INCURRED, IF ANY (Deduct)		
NET \$ VALUE OF IMPROVEMENT	\$	\$
MAN-YEARS		
END OF YEAR EMPLOYMENT		

9. OTHER BENEFITS

10. APPROPRIATION(S) OR FUND(S) INVOLVED

11. EXPLAIN METHOD USED TO DETERMINE MONETARY AND PERSONNEL SAVINGS (*Attach worksheets as necessary*)

12. ORGANIZATIONAL COMPONENT WHEREIN PROJECT APPLIES

13. NAME OF CONTACT (*For further information*)14. APPROVED (*Signature*)

TITLE

DATE

EXPLAIN THE IMPROVEMENT (OR THE PROPOSAL) UNDER THE FOLLOWING HEADINGS: (Use reverse if more space needed)

15. DESCRIPTION OF SITUATION PRIOR TO IMPROVEMENT (THE PRESENT SITUATION IF A PROPOSAL)

16. GOAL, WORK PLANS, AND TIMETABLE

17. DESCRIPTION OF EQUIPMENT, METHODS AND TECHNIQUES USED, (OR THAT WILL BE USED) TO ACCOMPLISH THE OBJECTIVES

18. ADVANTAGES AND DISADVANTAGES RESULTING, OR EXPECTED TO RESULT, FROM THE IMPROVEMENT

19. OTHER COMMENTS

20. PROJECT DATA HAS BEEN (OR WILL BE) INCLUDED IN PRODUCTIVITY INDEX (if applicable)

YES NO

21. APPROVALS OF REVIEWING OFFICIALS

SIGNATURE OF BUDGET OFFICER		DATE
SIGNATURE OF OTHER OFFICIAL WHEN REQUIRED	TITLE	DATE

USDA
OPERATIONS IMPROVEMENT INVENTORY
1961-1964

ADDENDUM

GRAPHIC
PRESENTATION
OF
ACCOMPLISHMENTS

THROUGH INNOVATION • AUTOMATION • PRODUCTIVITY

USDA HAS REALIZED
IMPROVEMENTS WORTH OVER
ONE BILLION DOLLARS THROUGH...

INNOVATION

FINDING THE BETTER WAY

\$ 217.6 Million

AUTOMATION

USE OF MODERN MACHINE TECHNOLOGY
\$ 7.4 Million

INCREASED PRODUCTIVITY

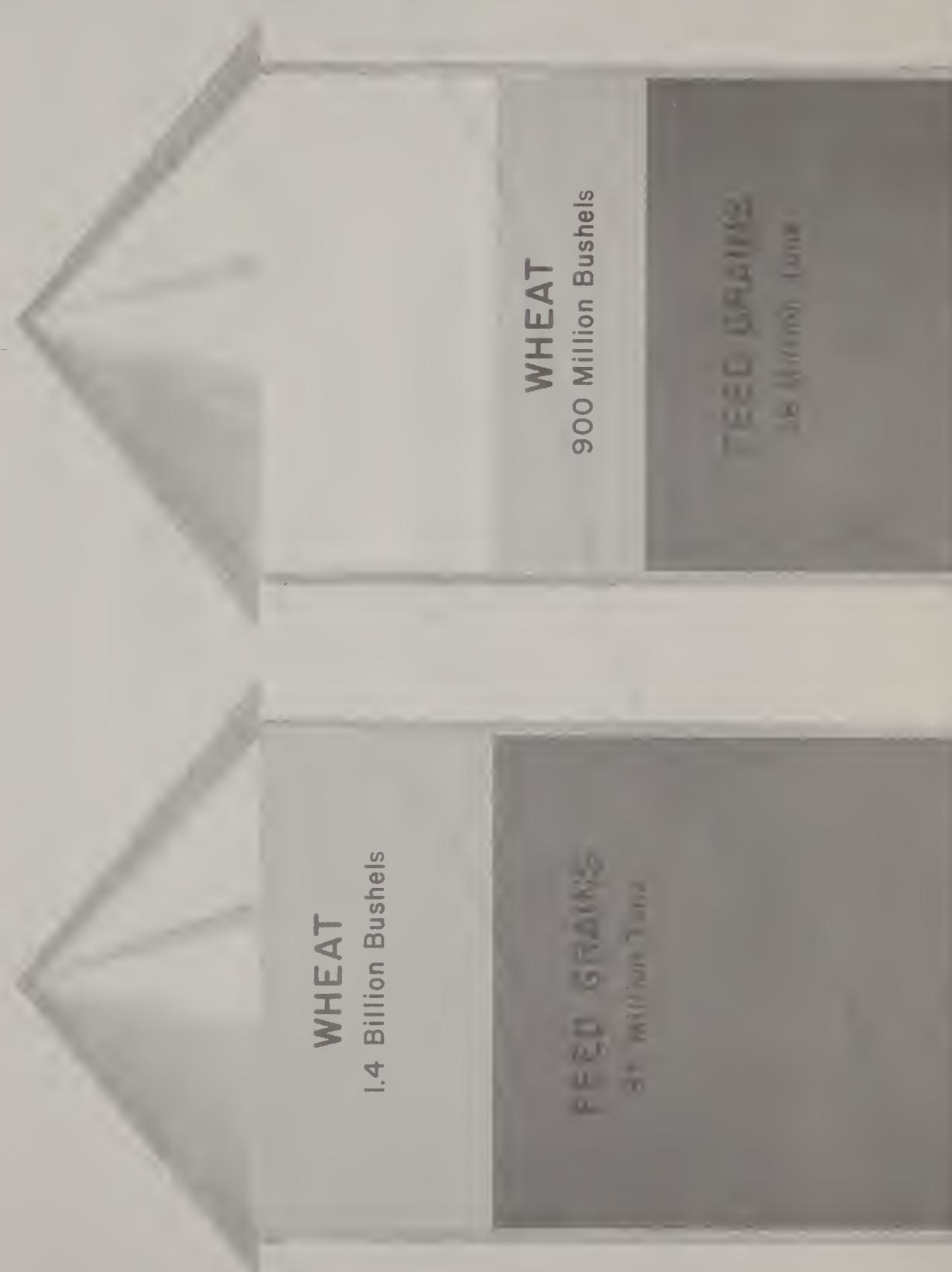
BETTER USE OF MANPOWER

\$ 150.7 Million

1961-64

TOTAL \$ 375.7 Million

REDUCTION OF GRAIN STOCK and CARRYING CHARGES



End of
Marketing Year
1960-1961

End of
Marketing Year
1964-1965

USDA EMPLOYMENT DECLINED (Year Ending June 30, 1964)

THOUSANDS

120

100

80

60

1954 '55 '56 '57 '58 '59 '60 '61 '62 '63 '64

112,488

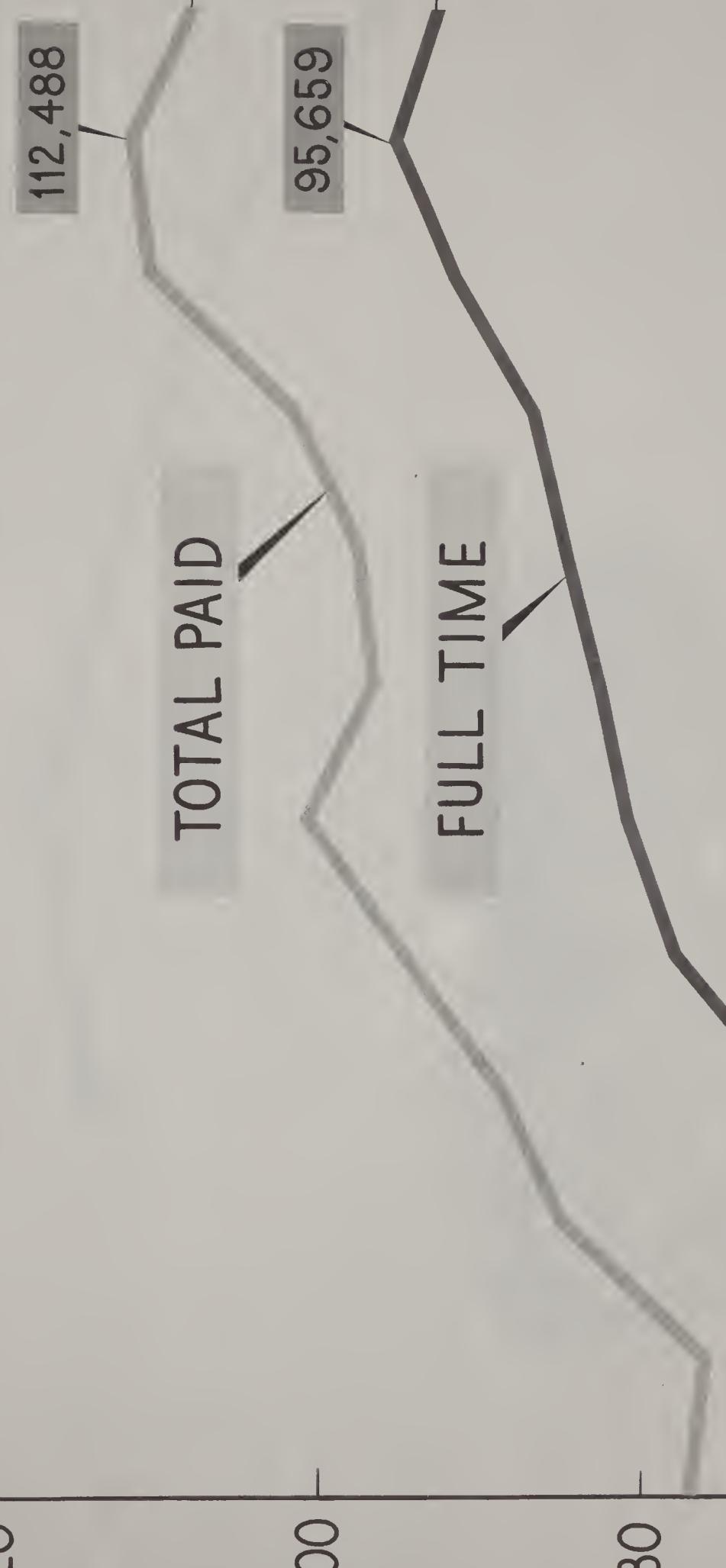
108,476

95,659

92,970

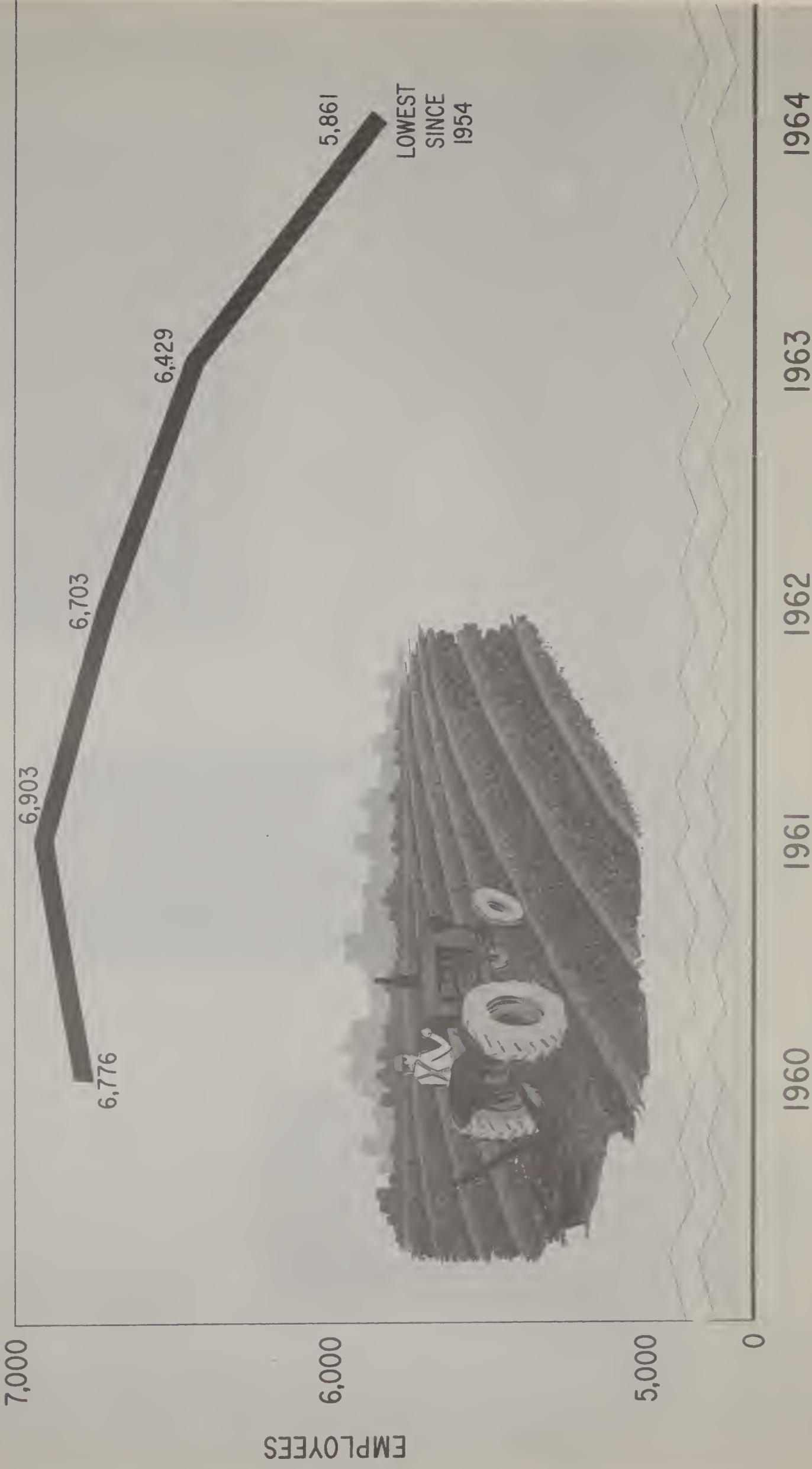
TOTAL PAID

FULL TIME



Decline in

ASCS FEDERAL EMPLOYMENT



47% INCREASE IN RECREATION VISITS TO NATIONAL FORESTS

150 MIL.

102 MIL.



DAILY 34% INCREASE IN
MAN YEARS TO OPERATE
& MAINTAIN RECREATION
FACILITIES



1961
1965
Projected

18.4% INCREASE . . .

IN VOLUME OF MEAT AND POULTRY INSPECTED

ONLY 10.6% INCREASE IN MAN YEARS

79.6 Bil. Lbs.

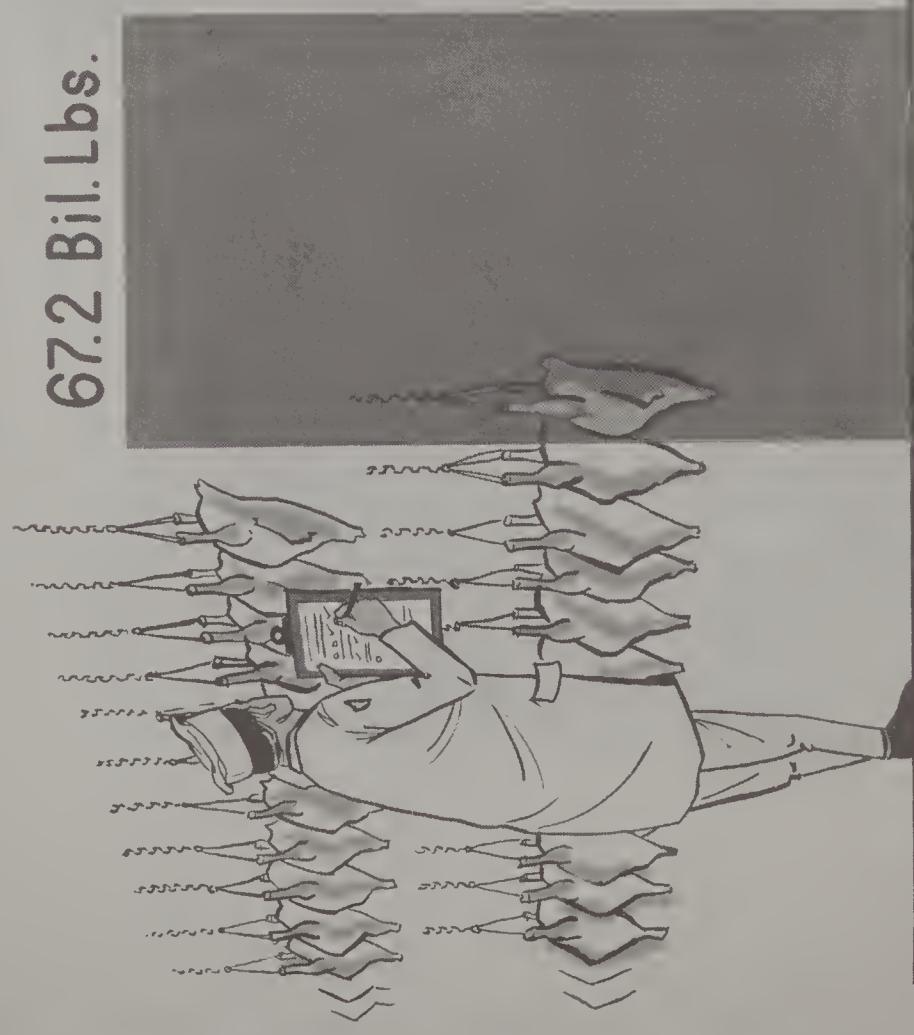
67.2 Bil. Lbs.



1964

1960

FISCAL YEARS



25% INCREASE . . .

CHILDREN FEED UNDER SCHOOL LUNCH PROGRAM
ONLY 5.5% INCREASE IN MAN YEARS

16.0 mil.

12.8 mil.



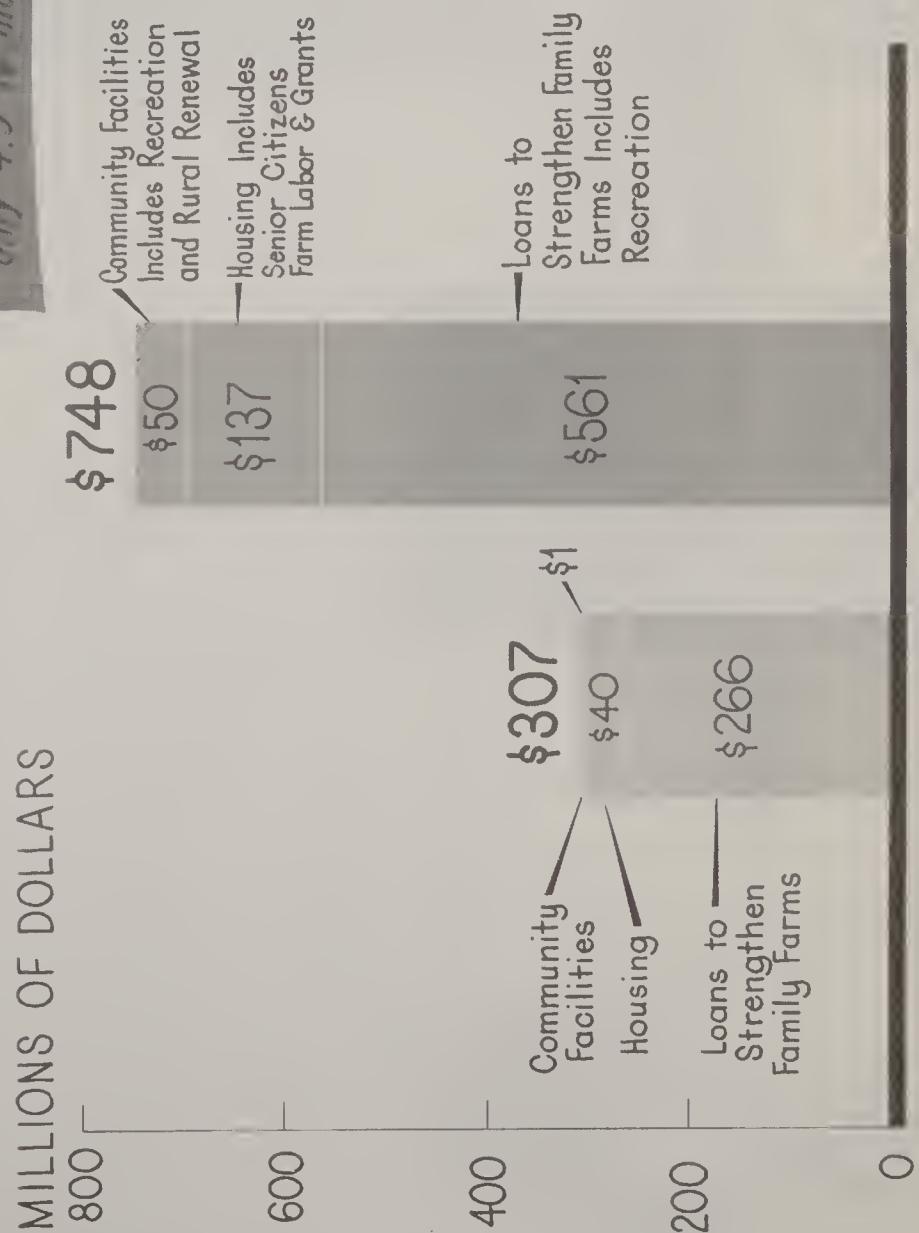
1964

1960

FISCAL YEARS

SERVICES HAVE INCREASED

140% INCREASE IN LOANS (To Farmers and Rural Groups*)



61% MORE PEOPLE BENEFITED



**Includes Loans to Senior Citizens for Housing · Farm Groups
for Recreational Development*

94% INCREASE IN WATERSHED PROJECTS UNDER CONSTRUCTION

ONLY 60% INCREASE IN MAN YEARS

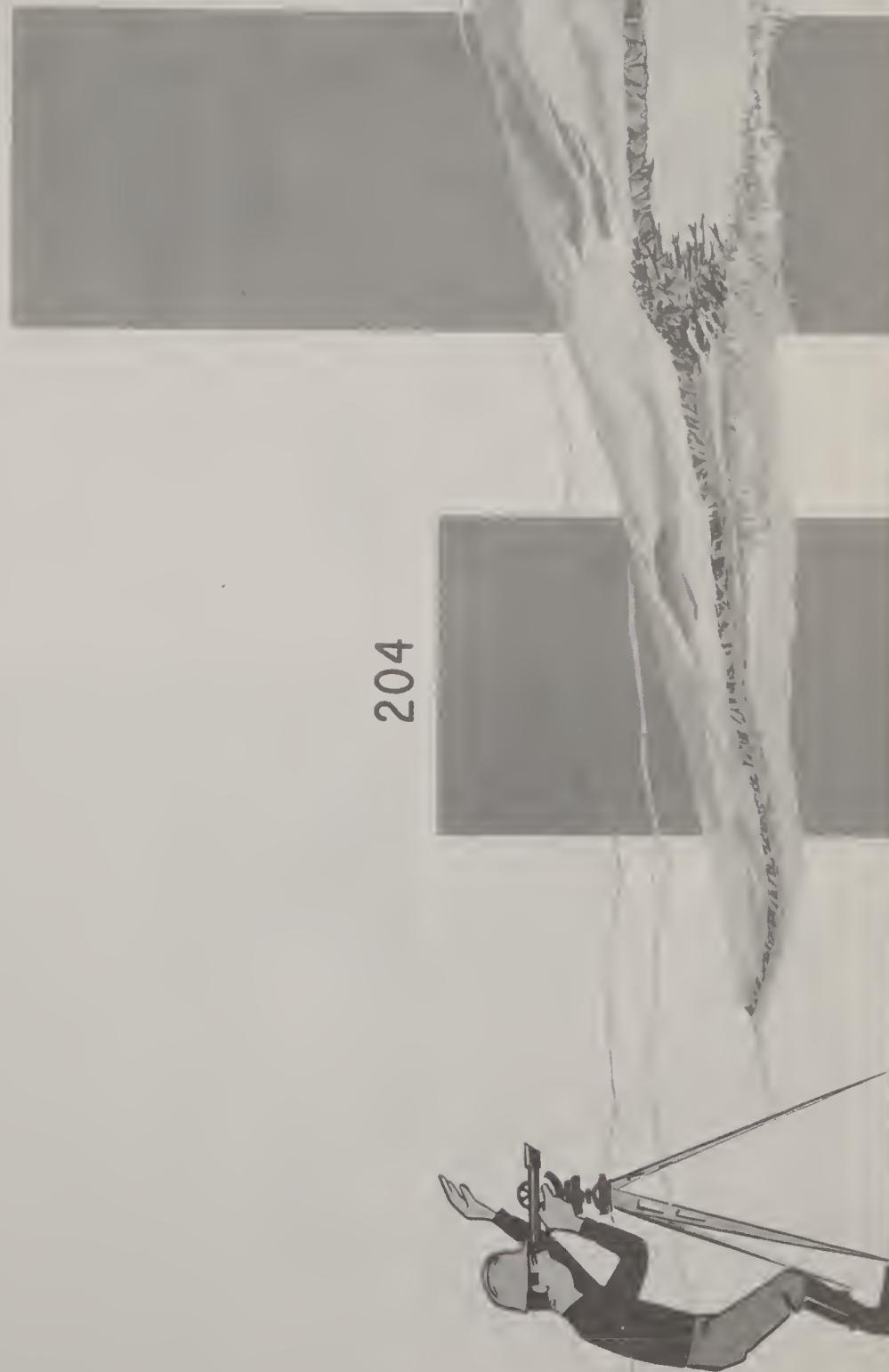
396

204

1961

1964

Fiscal Years



BULK MAILING

BEFORE

FY 1964



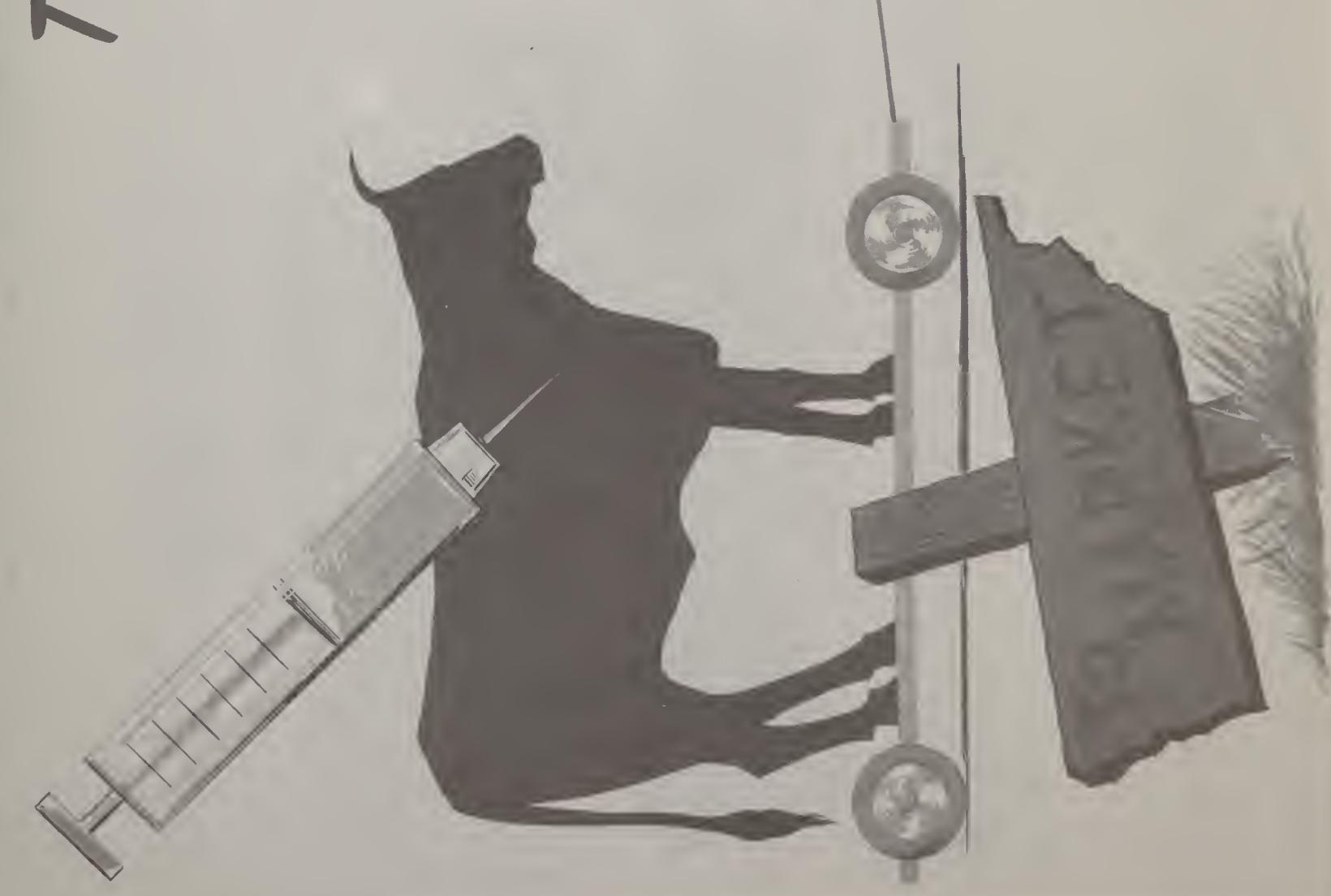
AMS

BULK MAILED
18 MILLION
MARKET NEWS
REPORTS AT
REDUCED RATES

SAVINGS \$245,000



BRUCELLOSIS TESTING



ON WAY TO
MARKET TESTING
SAVED:

*2½ MILLION
DOLLARS*

THRU FY 1965

REDUCTION IN USE OF PHOTOGRAPHIC PAPER

ASCS

AERIAL PHOTOGRAPHY

BY USING A
REDUCED SIZE
OF PAPER SAVED
THROUGH FY 65

\$38,000 00



Plant & Operations

PHOTOCOPY PAPER

BY USING A LOWER COST
DIFFUSION TRANSFER PROCESS
PHOTOCOPY PAPER TO
PRODUCE ACCEPTABLE COPY

\$38,000 00

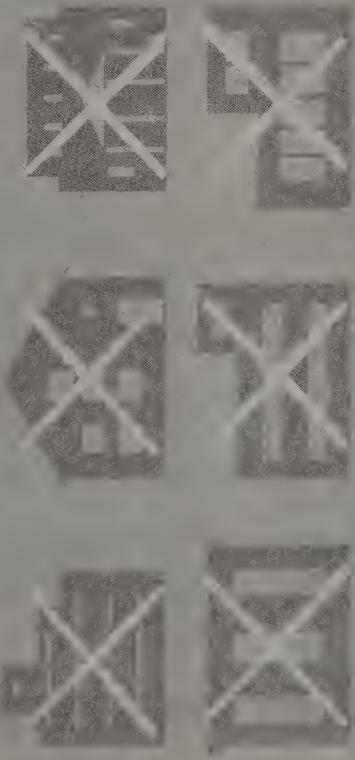
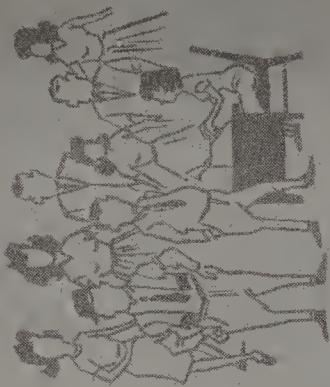
...SAVED



INNOVATION

***FEDERAL CROP INSURANCE CORPORATION
SAVINGS OF OVER \$1,000,000 FY 1962-1965***

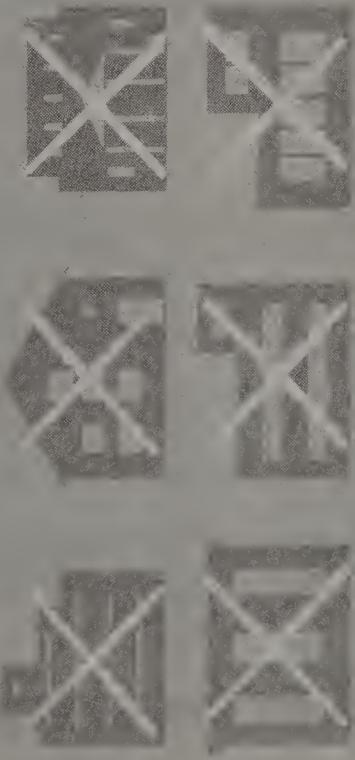
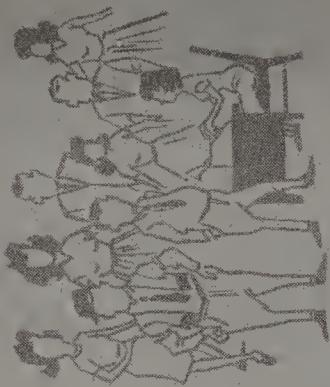
**6 UNDERWRITING OFFICES
ABOLISHED . . .**



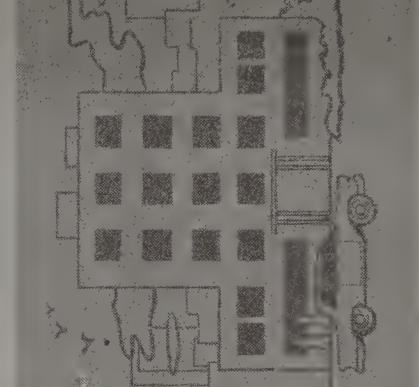
**POST-AUDIT FUNCTIONS
ELIMINATED**



**62 POSITIONS
ELIMINATED**



**OVER
10,000 Sq. Ft. OF
OFFICE SPACE SAVED**



**OVER
3,000 Cu. Ft. OF
RECORDS ELIMINATED**



IMPROVED FIRE CONTROL

RESOURCE LOSSES
AND SUPPRESSION
COSTS AVOIDED

47.8 Million
(1962 - 1964)

THROUGH TRAINING, IMPROVED EQUIPMENT
and
AIR-GROUND CONTROL COORDINATION



COMPUTER USAGE

FOREST SERVICE ROAD
LOCATION AND DESIGN

PLANNING AND CONSTRUCTING
SOIL CONSERVATION
WATERSHED PROJECTS

393

For 100% of the time spent on
these projects, the computer was used.

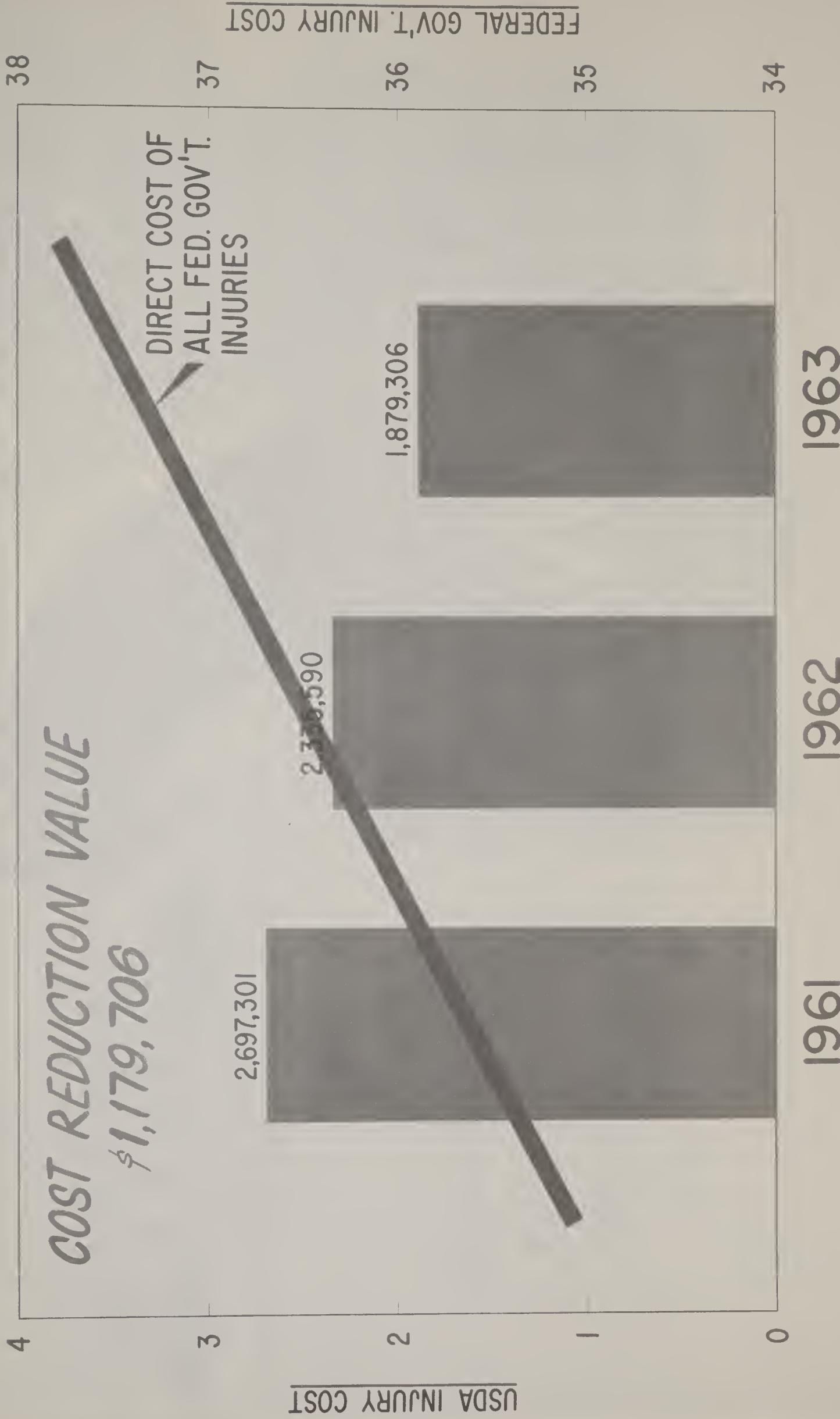
\$3,930,000

\$850,000

For 100% of the time spent on
these projects, the computer was used.



THROUGH A MORE AGGRESSIVE SAFETY PROGRAM



SURPLUS PROPERTY

FROM
OTHER
GOVERNMENT
AGENCIES

TO USDA 1000'S
OF TABLES
CHAIRS
EQUIPMENT
TRUCKS
ETC.

Acquisition
value of
\$111.3 mil.
(FY 1961-'64)



OTHER GOVT
AGENCIES

PAPERWORK SAVINGS

SAVINGS TO DATE

\$368,806

ELIMINATED

१८

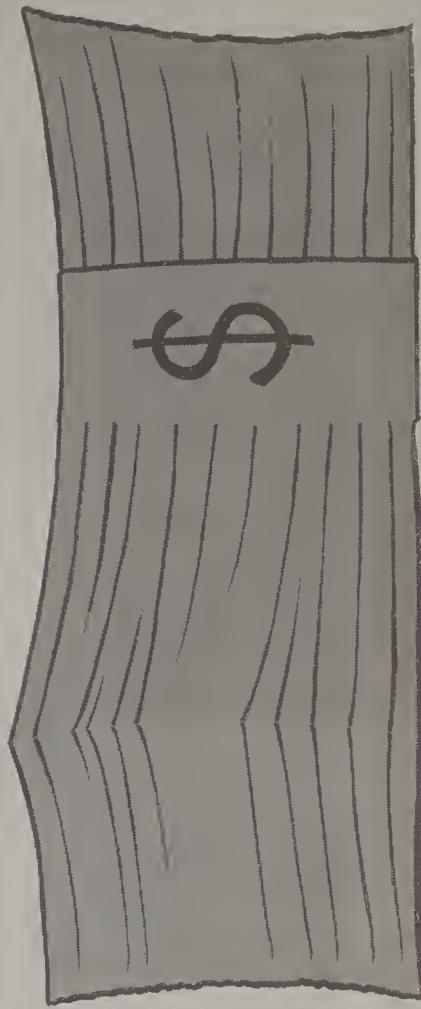
149 IMPROVED

BETTER PUBLICATIONS CONTROL

SAVINGS

\$206,000

JAN - AUG 1964



OFFICE MACHINES

SERVICE CONTRACTS VS. SERVICE ON CALL BASIS ESTIMATED ANNUAL SAVINGS \$250,000*

AVERAGE ANNUAL COST
PER MACHINE (DOLLARS)

50 -

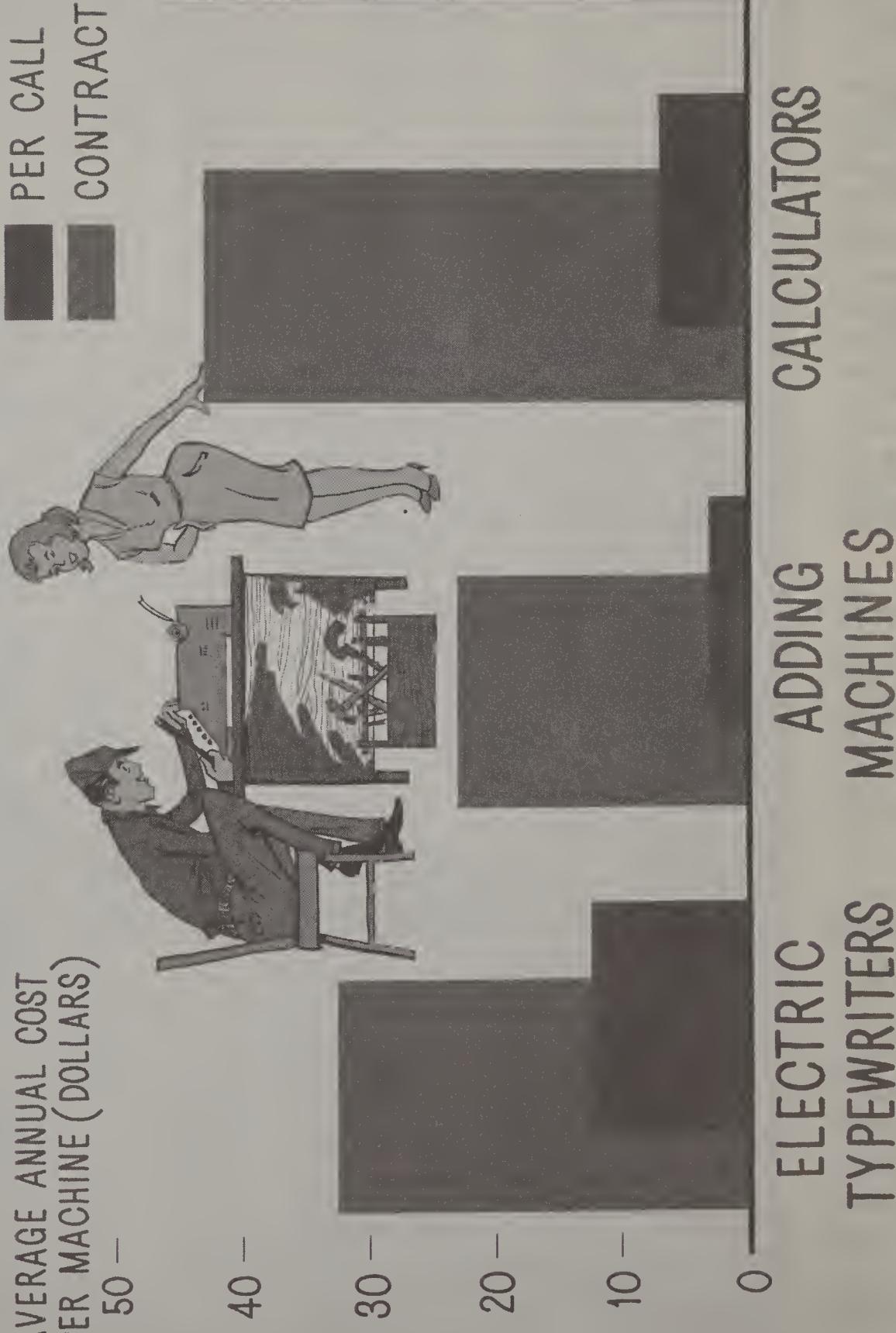
40 -

30 -

20 -

10 -

0



* PROJECTED

(Excludes ADP Equipment)

CONSOLIDATION

REORGANIZATION OF ASCS
Management Services Centralized
5 GRAIN OFFICES

NOW 2 OFFICES

INTERNAL AUDIT AND INVESTIGATION
21 FIELD OFFICES

7 OFFICES UNDER
INSPECTOR GENERAL

MANAGEMENT SERVICES
HANDLED BY 17 AGENCIES

1 OFFICE OF
MANAGEMENT SERVICES

1 NEW ORLEANS
COMPUTER CENTER

ESTIMATED COST REDUCTION \$3,500,000

